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NEWS SUMMARY

GENERAL

Begin coalition may fall tonight

Premier Menahem Begin's coalition could fall in the Knesset tonight when the Israeli Government faces a confidence vote.

Two members of the ruling Likud Party have deserted to the opposition Labour Party, leaving Likud with 59 of the 120 seats.

The Government's fate depends on two small independent parties, who were being wooed by the coalition and the opposition. Back Page

N-freeze rejected

The Reagan Administration dismissed a proposal by Soviet President Brezhnev for an immediate freeze on strategic nuclear weapons because it would leave the U.S. at a disadvantage. Page 5

Haig admission

Economic difficulties in the U.S. made it hard to increase military aid to Portugal, U.S. Secretary of State Alexander Haig said. Portugal said aid was too meagre.

Czechs in hiding

Nine Czech tourists were hiding in Scotland last night after leaving their ship, The Estonia, a Soviet cruise liner. They are seeking political asylum.

Shirley's move

Shirley Williams agreed to give Dr David Owen a clear run to challenge Roy Jenkins for the SDP leadership. She said she would probably stand for party President. Page 16

Election violence

Fourteen were killed and 13 wounded in political violence connected with Monday's elections in the Philippines.

Zimbabwe plot

Four white Zimbabweans were jailed for a total of 25 years for plotting against the Government.

Uganda killings

Men dressed in Uganda Army uniforms shot dead five, including a boy of eight, in a looting spree.

Papal pretender

Villagers mobbed a right-wing Roman Catholic cleric at St Teresa of Avila's shrine, Spain, after he declared the church in heresy and proclaimed himself Pope Clement.

Italian vote

Italy's Cabinet decided to call for votes of confidence to push through measures aimed at preventing the holding of a referendum on severance payments. Page 3

Saudi beheaded

A Saudi Arabian was beheaded after being convicted of murdering another Saudi over a land dispute in the eastern town of Qulwa.

Appeal dismissed

An appeal by singer Dorothy Squires over a £10,000 slander damages award against her was dismissed by the Appeal Court.

Golden oldies

After 17 years research musicologist Ye Dong deciphered priceless, ancient Chinese music from the Tang Dynasty, the golden age of Chinese culture, into modern scores.

Briefly . . .

Prince Edward tackled the Royal Marines' assault and tarzan courses.

Quads born to Essex woman Susan Pooley, 28, are doing well.

England cricketer Ian Botham wants to try rally driving.

Yugoslav Mileva Sunjevaric died in Serbia aged 117.

BUSINESS

Dollar firmer; sterling steady

● **DOLLAR closed slightly firmer in London at DM 2.315 (DM 2.3015), having touched a peak of DM 2.33 earlier in the day. It rose to SwFr 1.968 (SwFr 1.954), FFr 6.0125 (FFr 5.99) and Y236.9 (Y236.6). Its trade-weighted index was 113.2 (112.6). Page 36**

● **STERLING fell 50 points on the day to close in London at $1.814. It rose to DM 4.2 (DM 4.19), FFr 10.905 (FFr 10.895), SwFr 3.5725 (SwFr 3.5575), but fell to Y430 (Y430.5). Its trade-weighted index was 90 (90.2). Page 36**

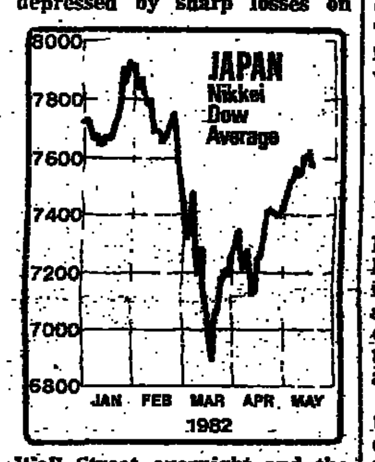
● **GOLD fell $0.75 in London to $337.25. In New York the Comex May close was $340.8 ($334.6). Page 27**

● **EQUITIES** trading was restrained with the FT 30-share index closing 3.4 lower at 572.4, for a two-day drop of 18.2. Page 31

● **GILTS:** the Government Securities Index fell 0.27 to 69.07. Page 31

● **WALL STREET was 3.43 down at 841.89 near the close. Page 28**

● **TOKYO share prices fell sharply over a wide front after yesterday's rally, with sentiment depressed by sharp losses on Wall Street overnight and the yen's latest setback against the dollar. The market average lost 52.33 to close at 7,567.06 on light volume of 260m shares. Page 28**



● **TWO BRITISH** companies signed contracts worth more than £110m for work on a large Indonesian hydroelectric project. Back Page

● **BRITISH COMPANY** established that correspondence between a company and its external legal advisers cannot be seized by EEC Commission inspectors. Page 7

● **AMERICAN EXPRESS** launched a direct access service for flight information in partnership with Telecom's Prestel computer-controlled television information service and the British Airports Authority. Page 7

● **BRITISH TELECOM** submitted proposals to the Government for a cable network to provide a foundation for information technology. Back Page

● **BUILDING SOCIETIES'** method of electing directors was criticised by Chancellor Sir Geoffrey Howe. Back Page. Abbey National links with Co-op Bank. Back Page

● **INDUSTRIAL OUTPUT** improved by about one per cent in February and March, compared with the depressed level of activity at the turn of the year. Back Page

● **CIVIL SERVICE** union leaders expect pay negotiations in the coming year to fragment into group by group bargaining. Page 10

● **BUNZL**, the paper and packaging group, is to continue with its £13.8m bid for security printer Benrose Corporation despite the failure of a "dawn raid" on Benrose shares. Page 24

● **LLOYDS BANK International** announced pre-tax profits of £52.7m (£50.6m) for the six months to the end of March. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Benrose	129	+ 53
Grindlays	238	+ 8
Hinton (A.)	317	+ 7
ML Hldgs	295	+ 15
Minet	191	+ 4
S and U Stores	24	+ 5
Savoy A	214	+ 10
Tyson Cntrctrs	48	+ 6
Kinross	477	+ 26
Unisel	416	+ 22
FALLS		
Exchqr 15pc 1997	£106¼	− ½
ANZ	230	− 10
Automotive Prds	52	− 4
Blue Circle	480	− 14
Bunzl	180	− 8
ESI London	282	− 13
Ferranti	707	− 11
Glaxo	670	− 7
Grand Met	212	− 6
Heath (C. E.)	332	− 6
Lloyds Bank	395	− 10
Pilkington Bros	235	− 13
Unilever	596	− 14
Wolseley-Hughes	368	− 7
Cheynne Res	70	− 20
Sceptre Res	280	− 27

Majority EEC farm vote jolts Britain

BY JOHN WYLES AND LARRY KLINGER IN BRUSSELS AND PETER RIDDELL IN LONDON

BRITISH POLICY in the EEC suffered a historic setback yesterday when seven other member states abandoned a 16-year-old tradition of approving major issues by unanimous voting and over-rode the UK's attempt to block a 10.7 per cent rise in community farm prices.

"This is a sad and damaging day for the Comunity's history," complained a sombre Mr Peter Walker, who warned that his fellow EEC Agriculture Ministers would come to regret their actions.

For four hours yesterday he sat in furious impotence and watched the British veto crumble as all other member states except Greece and Denmark voted through 62 regulations implementing the farm price package.

Yesterday's humbling of the UK robs the British Government of its strongest weapon for forcing the other Nine to agree a reduction in Britain's contributions to the EEC budget this year.

Paradoxically, it sparked some optimism that, having savoured their farm price victory, other member states might be more ready to compromise on the budget issues in negotiations next week.

But this was not enough to dispel the sense that Britain was passing through the gravest crisis in its troubled nine years of EEC membership.

Rebuff seemed to pile on rebuff yesterday. Mr Francis Pym, the British Foreign Secretary, had been unable earlier to persuade Mr Leo Tindemans, the Belgian President of the EEC Council of Ministers, to call an urgent meeting of Foreign Ministers to try to avert the confrontation.

Farm vote heralds profound change in European Community, Page 3
Editorial Comment, Page 20
Farm price vote appals consumers, Page 27

Britain's reaction to the defeat, which may well extend to withholding part of its contributions to the EEC, will be decided by the Cabinet in the next few days.

In London, Mrs Thatcher was said to be determined not to make any concessions on the budgetary front.

During Prime Minister's questions in the House of Commons, she said the majority vote was "quite without precedent. It raises very serious issues and we shall be considering what to do under the new circumstances."

Senior British Ministers were keen not to rule out any option but they wanted first to consider the implications and to take stock after hearing a report from Mr Walker, who is expected to make a statement to the Commons this afternoon.

On the Labour side, Mr Peter Shore, "shadow" Chancellor, described the decision as "the most serious development since Britain joined the EEC." He said the implications of majority voting undermined the principles on which Britain had entered the EEC, and suggested that the UK should immediately halt its flow of money to the Community.

Many British Ministers may feel victims of unprecedented political aggression which is the more bitter because it follows Monday's grudging and partial renewal for only one week of the Community's sanctions against Argentina.

But as Mr Walker stressed yesterday, the procedures adopted at the Brussels meeting have important implications for the Community, because they overturn working practices which have been operating for 16 years.

He was referring to the refusal of the seven member states to let him invoke the so called "Luxembourg compromise."

While lacking any legal status, this has since 1966 given any member state the right to insist on a unanimous vote on community policies when it believes important national interests are at stake.

The compromise was part of the basis on which Britain joined the Community, Mr Walker said. Its abandonment had "created a major crisis in the Community and a major lack of confidence" in new member countries.

Greece and Denmark joined Britain in refusing to take part

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Thatcher gloomy on Falklands talks

BY PETER RIDDELL IN LONDON AND PAUL BETTS IN NEW YORK

THE Prime Minister and Mr Francis Pym, the Foreign Secretary, were both gloomy yesterday about the chances of a diplomatic solution to the Falklands crisis, as expectations at Westminster grew that the step-by-step military pressure against Argentina would intensify in the next few days.

At the UN in New York, peace talks were suspended for a day to give Argentina time to consider Britain's latest and possibly final proposals for a diplomatic solution. Sr Javier Perez de Cuellar, the UN Secretary General, said he expected to see both British and Argentine envoys again this morning. He said he might be in a position tomorrow to say "whether we have achieved a real peaceful solution."

During Prime Minister's Questions in the Commons, Mrs Thatcher said Britain was facing a critical week which would determine whether it was possible to reach a peaceful settlement. She accused the Argentine junta of "really trying to spin out negotiations," and said Britain could not go on accepting such prevarication.

Mrs Thatcher made it clear there were principles on which

Soviet Union cheers on sidelines, Page 4
Falklands decision this week, Thatcher says, Page 16
Appeasement not unacceptable, Page 21

Britain could not compromise. "There remain substantial difficulties. I believe we shall know within the next day or two whether an agreement is attainable."

Later, at a private meeting of the Tory backbench foreign affairs committee, Mr Pym apparently said he thought a negotiated setlement was very unlikely. One MP reported that Mr Pym had rated the chances of such an outcome as only 3 or 4 per cent.

The tough stance taken by Ministers in recent days has reassured Tory ring-wing critics who were afraid of too many concessions to the Argentines. There was apparently general support for Mr Pym's stance at last night's meeting.

An emergency Commons debate will be held tomorrow, and officials expect that Mrs Thatcher will then be in a position to discuss the outcome of the UN negotiations and to give details of the positions taken by the UK and by Argentina.

Some MPs suspect that a decision to intensify military pressure may by then have been taken.

In the Commons Mrs Thatcher stressed that so far no military option had been closed or held up by negotiations, nor would such options be delayed in the days ahead.

The debate goes only part of the way towards meeting the request of Mr Michael Foot, the Labour leader, for the Commons to hear and judge the results of the UN talks before any decision on military escalation was made. While the first part of the request is being met, the Prime Minister made it clear that no military action could be held up by the Commons debate.

"To consult MPs in the House about when Britain intended to take action would give notice to the invaders and that would be stupid as well as totally unjust to the people whom we intend to fight for."

It was clear yesterday that Labour will press strongly to see whether thereare, or ever have been, any chances of reaching a negotiated solution. Mr Foot said there were a number of important questions to be clarified, for example, about the Peruvian terms for a settlement and about how far the Argentine

Continued on Back Page

Blockade, local actions and invasion considered

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S naval task force has still not been ordered to invade the Falkland Islands although the balance of military opinion has shifted to favour this action rather than maintenance of a long blockade.

Senior Ministers are believed to be weighing the advantages of a rapid invasion designed to repossess the islands against more localised military action.

Local action, such as that on Pebble Island at the weekend, would be designed primarily to harass Argentine troops on the islands and to undermine their morale.

Yesterday defence sources suggested that even if the United Nations' initiative to solve the conflict broke down today or tomorrow, the softening-up process represented by the Pebble Island action could continue for some time.

Marine commandos were landed on Pebble Island, one of the Falklands group, and, supported by heavy naval bombardment, destroyed 11 aircraft on the island's small grass airstrip. Argentine casualties were assumed, though no details have been given by either side.

British Ministers feel that they, the defence chiefs and the British commander in the South Atlantic have a delicate judgment to make on the best moment to move, if it is decided the islands must be repossessed militarily.

In the balance are, on the one hand, the attrition caused to the Royal Navy by a long period at sea and highly inclement weather, which have an impact on men and machines, and, on the other, action short of invasion which could further limit supplies and weaken the Argentine garrison's resolve to fight.

FALKLANDS WEATHER: Wind NW, Force 5-6 (20-25 knots); 10ft seas. Cloudy with showers. Temp low- to mid-40s F. OUTLOOK: Wind W. Force 6 (25 knots). Cloudy, some showers. Cooler.

Ministers were encouraged by success at Pebble Island, where British troops did not meet as much resistance as had been feared.

For the time being, however, they appear to believe more action like Pebble Island may be preferable to an immediate invasion. They argue that fewer casualties might ultimately result than from such a strategy.

They are reported to be confident they can control the deepening conflict in that way.

A similar confidence, showing a hardening military stand, has appeared in the public statements of senior Argentine leaders over the past few days. Brigadier Basilio Lami Dozo, commander-in-chief of the Argentine air force and a member of the three-man military junta, has spoken of making a massive attack on the

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Wall Street shocked by interest default

BY DAVID LASCELLES AND RICHARD LAMBERT IN NEW YORK

THE FAILURE of a Wall Street securities firm to make a $160m (£88m) interest payment to Chase Manhattan Bank sent shock waves through Wall Street yesterday and triggered fears of major market disruption.

There were urgent meetings of U.S. banks and brokerage firms, while the Federal Reserve took immediate steps—apparently successful—to calm the markets by supplying them with large quantities of funds. It said from Washington it had been advised of the problem and was watching developments closely.

The firm at the centre of the crisis is Drysdale Government Securities, a recently formed trading outfit which had borrowed substantial amounts of government securities from financial institutions to take a "short" position in the bond market.

News of the crisis depressed bond prices and pulled down bank stocks on the Stock Exchange. However, the full ramifications were still unclear last night, and in the absence of hard information. Wall Street was awash with rumours of billions of dollars worth of government securities being involved.

The first hint of trouble came yesterday morning when Chase Manhattan Bank said a securities firm, which it did not name, had failed to pay it $160m in interest on government securities. Chase was forced to make the announcement because it was collecting the interest on behalf of several other securities firms which had begun to agitate for their money

Drysdale encountered financial difficulties at the end of last week. According to people close to the affair, the firm informed Chase Manhattan on Monday that it would not be able to make the $160m payment, which represented interest it had earned on the borrowed securities and owed to their original owners.

Chase Manhattan is said to have tried and failed to organise a rescue late on Monday night to avoid disrupting the financial markets yesterday. It was unwilling to make the payments on Drysdale's behalf. Another large New York bank, which found itself in the same position as Chase, did, it is understood, agree to make the payments.

Several major Wall Street firms—including the largest, Merrill Lynch—said that as far as they were concerned, Chase was the principal in the transaction and they would press their claim against the bank.

Reaction on Wall Street yesterday was one of shock at the size of the sums involved. An interest payment of $160m is huge, even by U.S. standards, and traders in the financial markets estimated that Drysdale's bond borrowings were at least $2.5bn, possibly as much as $4bn. One likened the size and impact of the affair to the Hunt silver crisis of 1980 in which billions of dollars worth of precious metals were involved.

It was not clear whether Drysdale was preparing to go into liquidation.

£ in New York

—	May 17	Previous
Spot	$1.8025-8050	$1.8190-8230
1 month	0.26-0.31 pm	0.30-0.34 pm
3 months	0.64-0.69 pm	0.75 0.80 pm
12 months	1.96-2.05 pm	2.10-2.20 pm

GEC interest in AEG offshoot

BY JASON CRISP

GEC LOOKS set to take a substantial stake in a major subsidiary of AEG-Telefunken, the deeply troubled West German electrical company, though AEG described German newspaper reports on the deal as speculative yesterday and GEC refused to comment.

The subsidiary, AEG-Telefunken Anlagentechnik, accounts for about 40 per cent of the parent company's turnover.

It is a substantial force in power engineering and industrial systems, and would complement GEC's own activities in these fields.

The two companies are also thought to be about to enter substantial co-operation agreements. They are believed already to have made joint bids for several large contracts in Germany, but with little success to date.

In the City, analysts said that GEC would be unlikely to enter an agreement which did not give it full management control.

The deal would represent GEC's first major acquisition since it bought Picker, the U.S. medical electronics company, in December 1980.

Last week AEG-Telefunken said it expected to have an operating loss of DM 400m-DM 450m this year.

The 24-bank consortium which has had to rescue the company on several occasions in the past is to meet shortly to discuss short-term measures to help the company, including further loan write-offs.

Its major problems are in the consumer electronics side, particularly television and audio products.

The Anlagentechnik subsidiary is a licensee for turbines produced by General Electric of the U.S., which has no connection with its English namesake, and is a sub-contractor for the Russia-to-Europe natural gas pipeline. It has substantial business in computerised process control systems.

It is involved in power distribution, factory automation, motors, generators and turbine systems.

GEC is thought to have been interested in acquiring AEG-Telefunken or parts of it for some years; Lord Weinstock, chief executive, is thought to have first started talking to the company in 1974, but to have been rebuffed by the Bonn Government.

In recent years, AEG-Telefunken has sold several subsidiaries entirely, and part of others.

At the end of 1980 it sold Hartmann and Braun, an important manufacturer of electrical measuring and control equipment. Last year it pulled out of Videocolor, a joint venture with Thomson-Brandt which makes television tubes.

Later last year it entered a complex joint venture on the telecommunications side with Robert Bosch and Mannesmann. It reduced its holding in its telecommunications subsidiary to 51 per cent.

In a related move three German banks and Bosch took a 49 per cent stake in Olympia, its money-losing subsidiary making typewriters and office equipment.

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For latest Share Index phone 01-246 8026

GDP forecast to fall again in W. Germany

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S gross domestic product in real terms, which fell by 0.1 per cent in the first quarter of this year, compared with the same period in 1981, is believed likely to continue its decline in the current quarter, according to DIW, the West German Institute of Economic Research. This would mean a continued rise of seasonally adjusted unemployment which increased by 40,000 last month to 1.7m.

The West Berlin based institute said incoming orders to West German industry from abroad indicate there is likely to be another slight fall in exports of goods. Current orders for the primary, producer and consumer goods sectors have risen marginally, but orders for the capital goods sector are sharply down.

The West German export boom cooled considerably in the first quarter, as real exports failed to grow for the first time since autumn 1980.

Private consumption based on the latest retail statistics has stabilised on a low level and DIW pointed out that private consumption in real terms in the second quarter is likely to rise slightly, but will still be considerably lower than a year ago.

Real private consumption during the first quarter fell "as never before" in the post-war period, according to the institute. Savings deposits again expanded at a high rate.

The reluctance of the West German consumer to spend was especially marked in falling sales of household appliances, cars and home furnishings, but also in clothing, shoes and leisure time items. Only spending on food and drink showed an increase in real terms.

The institute's analysis showed that in the first quarter of this year West Germany's gross national product in real terms fell by 1 per cent over the previous quarter and by 0.5 per cent over the same period last year. Investments in plant and equipment did not recover in the first quarter, DIW said, and, after marked destocking since last summer, stocks again rose to the high level of last spring.

Last-minute hitch delays U.S.-Spain defence pact

MADRID — Last-minute difficulties over a new defence treaty between Spain and the U.S. forced Mr Alexander Haig, U.S. Secretary of State, to cancel a scheduled visit to the Spanish capital yesterday, spokesmen for both governments said.

A Spanish Foreign Ministry spokesman declined to give details of the difficulties, but denied Press reports which quoted officials as saying the problems centred on U.S. use of the bases for operations with which Spain might not agree.

The officials are reported to have said that the Falklands crisis, in which Spain has been torn between conflicting loyalties, has raised the question of how Madrid would react in a similar situation that might involve U.S. operations against a country with which Spain was friendly.

Both sides are trying urgently to produce agreement on the new defence treaty by Friday, when an extension to the present treaty expires.

The treaty was last renewed in 1976, just after Gen. Francisco Franco died, and Spanish officials say any new agreement must take account of Spain's status as a democracy and as a future member of Nato and the European Economic Community.

Spain and the U.S. have been linked since 1953 by the defence and co-operation agreement, which gives U.S. forces the use of four bases here in exchange for grants and credits to Spain.

Washington has proposed tripling its total aid package to about $450m a year, a move which a U.S. embassy spokesman here called "an indication of our good faith." Such aid is subject to congressional approval.

Conoco to help develop 'gold block'

By Fay Gjester in Oslo

CONOCO, THE U.S. oil company, has agreed to act as technical assistant in developing Norway's so-called "golden block" in the North Sea, in return for guaranteed deliveries of Norwegian oil. Ownership stakes in the promising oil and gas field have been reserved for Norwegian companies only.

The deal, between Conoco and Statoil, the Norwegian state oil company, concerns block 34/10—nicknamed the "golden block" because of its extensive reserves. It marks a turning point in the history of Norway's offshore oil and gas industry, because this is the first time that a foreign oil company has been willing to lend its know-how to the development of a Norwegian field in which it is not a co-licensee. Partners on the block are Statoil, acting as operator, Norsk Hydro and Saga Petroleum.

Under the agreement, Conoco will make personnel available, as needed, up to a maximum of 75 man-years, over a 10 year period, and Statoil will be able to send its employees to Conoco for on-the-job training. Payment will be on a pro rata basis.

In return, Statoil has undertaken to supply the U.S. company with part of its crude oil output, starting this autumn. For these supplies, Conoco will pay Statoil's market price—which normally closely follows that charged by the British National Oil Corporation.

Initially, the oil will come from Statoil's share of the Statfjord field output. When the "golden block" comes on stream, in 1987, Conoco will be entitled to buy 10 per cent of Statoil's net share of production, throughout the life of the field.

It is estimated here that the total value of these purchases could reach around NKr 10bn (£927m) making this probably the biggest oil sale ever arranged in Norway.

Finnish unemployed

Finland's unemployment totalled 135,900 or 5.7 per cent of the work-force in April, down by 6,700 from March but up by 23,000 from a year earlier, the Labour Ministry said yesterday, AP reports from Helsinki.

Giles Merritt examines the independent steelworks' case against the EEC's crisis regime

Private steel looks to shrug off shackles

TWO EXECUTIVES representing Europe's independent steelmakers, mingled with the several hundred journalists encamped in the EEC Council of Ministers building in Brussels. Like unbidden guests at a wake, the Italian expert from the European Independent Steelworks Association (EISA) and his German colleague maintained their vigil over the outcome of the meeting of the Industry Ministers' Council on May 4.

Their particular interest in the ministerial talks on an extension into 1983 of the EEC's steel crisis régime came about as a result of a European Commission proposal to include the wire rod that is produced by many of the Community's independent steelmakers in the categories where output is being pegged by tough mandatory controls. In the event, a decision on the details of the régime's future eluded the ministers, who instead called a further meeting on May 26.

But the EISA observers' interest in the steel prices and production régime that chiefly governs the giant steel producers grouped in Eurofer, the Community's steel "club," nowadays goes a good deal further than the fate of wire rod. The independents' year-old pressure group is currently launching a determined attack on the iniquities of the régime, and its chief target is the "unfair" level of subsidies still being funnelled to the mainly state-owned giants of the steel industry.

The underlying message of the independents is that even though the 70 or so member companies of EISA are most of them making profits again this year, they too now need subsidising. To back up its point, EISA recently prepared a report on how official steel policies last year distorted the competition at the independents' expense.

At first sight, a plea by independent European steelmakers that they, too, should be granted financial support looks to be something that EEC governments should stoutly resist. However, EISA's case is that the private sector of the steel industry is being strangled by the competitive distortions resulting from the subsidies paid to the Eurofer producers.

EISA's report on the Eurofer steelmakers' financial needs, and the effects of their subsidies on the steel industry as a whole, makes five fundamental points.

The first is that the Eurofer steelmakers—the EEC's dozen or so nationalised or generally state-supported major groups—last year chalked up losses that, at an average $20 (£11) a tonne, totalled $2bn. The effects of those losses lead on to EISA's next points that:

● Governments' "topping-up" of the Eurofer producers' losses through contributions to their equity bases is handicapping the independents' financial performance vis à vis their Eurofer competitors. The argument is that, although the EISA steelmakers' output costs are 30 to 40 per cent lower, the equity injections enjoyed by the Eurofer producers cut debt servicing costs and so reduce their net financial losses.

● The Eurofer companies are able to use their subsidies to diversify into other products, while the "mono-producers" in EISA are increasingly being restricted by their financial problems to the less attractive sectors of the steel industry. EISA claims that its members' inability to offset losses through subsidised diversification now adds up to a $330m-a-year financial burden—a figure that represents about a sixth of the independents' turnovers.

> The Community's steel crisis regime is currently under attack from the European Independent Steelworks Association, particularly over the "unfair" level of subsidies still being funnelled to the mainly state-owned giants of the steel industry. At the same time, the association is looking for financial support for its members to maintain a healthy private sector in the face of government-sponsored distortions in competition.

● The subsidies and state-guaranteed loans to the Eurofer companies are "crowding out" the steel independents from the capital markets. EISA calculates that the interest rates available to its members is therefore 1 per cent higher at present than would otherwise have been the case.

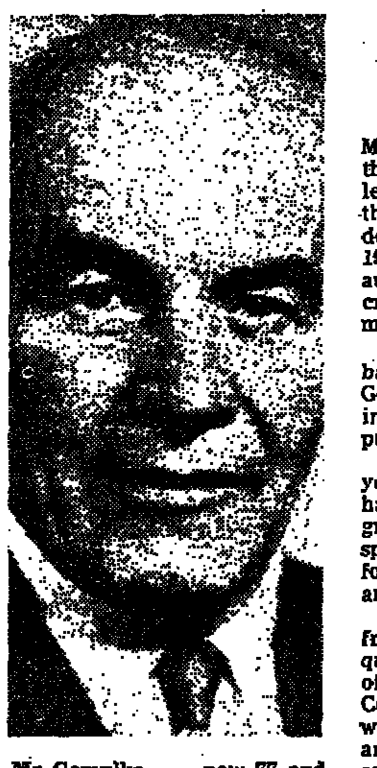
● The artificially higher prices and lower production levels dictated by the EEC steel régime, EISA warns, means a $1.2bn "social cost" to the Community as a result of reduced economic efficiency.

These EISA complaints are, if anything, compounded by the fact that the Eurofer steel giants, together with their parent governments, have so far shown few signs of taking the radical restructuring measures needed to reduce the EEC steel industry's 45 per cent over-capacity—which the régime was intended to encourage.

Rather than call for the abolition of the régime, though, or of the state aids and subsidies that EEC governments have agreed will continue to be permitted until 1985, EISA lobbyists are instead urging modifications that they claim will improve the steel régime.

They believe that the European Commission's powers over steel should be increased to cover all crude steel output, rather than the present controlled categories accounting for some 70 per cent of steel products.

The EISA independents say that they now need fiscal, if not cash, aids to re-equip their plant and remain highly competitive.



Mr Gomulka . . . now 77 and ailing

Gomulka foresaw need to crush Solidarity

BY CHRISTOPHER BOBINSKI IN WARSAW

MR WLADYSLAW GOMULKA, the Polish Communist Party leader who fell from power in the wake of working class demonstrations in December 1970, never doubted that the authorities would use force to crush the Solidarity union movement.

This emerges from an article based on conversations with Mr Gomulka's colleagues published in a Cracow-based monthly publication.

The former leader is now 77 years old and seriously ill. He has been very much in the background since 1970 and has spent the intervening years following current developments and writing his memoirs.

The picture which emerges from the article is of a man quite prepared to order the use of force to keep in power a Communist party which he was well aware was in a minority and unpopular. But he was also aware of the limits of that power which meant that he respected the position of the Roman Catholic Church and of the private farming sector.

Mr Gomulka also stuck closely to the Soviet Union in his foreign policy but he jealously defended his right to take decisions on internal matters. According to the article, he has never doubted he was right to give the order to fire on demonstrating workers in 1970.

He regarded the rise of solidarity as "counter revolution" and saw no chance that the problem might be resolved other than by force. But he was afraid that "external force might come into play," the article says in a reference to the Warsaw Pact.

It confirms, however, that Mr Gomulka urged the Soviet Union to invade Czechoslovakia in 1968. "He urged it strongly. He thought that the situation was developing in the wrong direction and that there was no other way. . . . He was afraid that it would spread to Poland and then the whole thing would become more serious."

Mr Gomulka came to power in 1956 on a wave of popular enthusiasm when people believed that he would continue with the democratisation of post-Stalinist Poland. The article explains, however, that "he was deeply convinced that the party could not run the country by democratic means because of its lack of support."

He knew in 1956 that his support "would pass" and this is why he engineered the retreat from the democratic gains of that year—"a retreat for which he alone was responsible."

● Conscripts demobilised this autumn are to be given preferential treatment if they apply to go to university. The soldiers are to be awarded three additional points to those they gain in entrance exams. Under the points system, the children of working class and peasant families are given five bonus points over their examination results to even out their chances of entry.

Also, soldiers who passed exams to university before their military service but failed to gain entry because of a lack of places, are also to be given priority.

● Representatives of East Germany and Poland opened talks in East Berlin yesterday to explore ways of expanding economic co-operation between the states, AP reports from Berlin.

The official East German news agency, ADN, said the 18th session of the "Common Economic Committee GDR-Poland" would be discussing "further steps in the development of economic co-operation and the mutual exchange of goods."

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Farm vote heralds profound change in European Community

BY JOHN WYLES IN BRUSSELS

EXTRAORDINARY move yesterday by other European Community member states to override the British veto and to push through farm price rises on the basis of majority vote, if ultimately successful, looks likely to rock the EEC to its very foundations. This is no ordinary crisis which has been precipitated by yesterday's "steam rollering operation," Mr Peter Walker, the British Agriculture Minister, called it.

Little wonder that the British were making urgent efforts yesterday to retrieve an early deal on reducing their contributions to the EEC budget this year. This has always been their price for accepting the farm price package.

If the European Commission implements the package on the basis of the majority vote, Britain will claim that the principle *of unanimity on issues of* national interest, enshrined in the Luxembourg Compromise of January 1966, has been overturned. In turn, this will have sacrificed a key factor in the British decision to join the Community, and also in that of Greece and Denmark, who displayed their anxiety by joining Britain in refusing to take part in yesterday's voting.

The implications could be still broader, since the burial of the Luxembourg Compromise changes the procedural basis upon which the Community has operated for 16 years and could breathe new life into the supranational principles which inspired the Treaty of Rome. *Thus, the* drama at yesterday's meeting of Agriculture Ministers could have seismic implications for the Community as well as for Britain.

Since they were claiming last night that the Luxembourg Compromise is still somehow intact, it is doubtful if France, West *Germany and Italy will be* willing to accept the possible procedural consequences of the actions they spearheaded yesterday. A heads of government summit may be urgently needed to decide whether most Community decisions can henceforth be taken on the basis of majority voting, as envisaged by the Treaty, or whether to restore the supremacy of the Luxembourg compromise.

In the meantime, the impact of the crisis on Britain's relations with its EEC partners and, indeed, on its future membership of the Community, could be profound. To the British people, other member states will seem to have employed "bovver boy" tactics less than 24 hours after they gave a less than wholly convincing reassertion of solidarity over the Falklands crisis.

Mr Francis Pym, the British Foreign Secretary, had to struggle extremely hard to secure a renewal of the EEC's *ban on Argentine exports. His* success was only partial, since Ireland and Italy will participate in the seven-day renewal on an informal basis. Meanwhile, with the Falklands crisis moving toward a new phase, Britain needs calm, not confrontation, with its Community partners.

It is still not clear why other member states have chosen to *fight the UK so aggressively and* at such a potential political cost. As Mr Walker pointed out yesterday, farm price rises have been delayed beyond mid-May in two of the past three years.

Their resentment at the link Britain forged between farm prices and its budget demands *has always been manifest.* Indeed, the basis of the Franco-German assertion that the Luxembourg compromise is still intact is that Britain's veto was misapplied.

Mme Edith Cresson, the French Farm Minister, argued yesterday that Britain's real *vital interest lay in the budget* problem and her farm price veto "would fundamentally alter the spirit and the rules of the Community."

Mr Walker dismissed it as "cynical, stupid, insolent and ridiculous" when both France and Italy inserted in the minutes their view that the Luxembourg compromise remained intact. He *had pointed out continually that* the price package would add more than £100m to the British budget contribution of £1bn this year.

France would be bound to try to maintain the compromise since it was framed to ensure its own continued participation in *the Community after President* de Gaulle practised his "empty chair" policy in the second half of 1965. His boycott was partly aimed at fighting off a move to majority voting. The compromise reached was really an agreement to disagree

Essentially, it said that *decisions which could be taken* on the basis of a majority vote would not be taken where "very important interests of one or more partners are at stake." In this situation the Council of Ministers "will endeavour within a reasonable time to reach solutions which can be adopted by all the members of the Council while respecting their mutual *interests and those of the Community.*"

Since then, this has been the basis for EEC decision-making and dozens of farm price fixings have been delayed while Italian or other national interests were satisfied. Indeed, Mr Walker claimed that Italy *invoked the* compromise on Monday evening to prevent her inclusion in Community wide sanctions against Argentina.

France and West Germany have found it invaluable protection over the years and only the Benelux countries have ever lamented its existence as the *cause of delay and confusion* and as an obstacle to the supranational designs of the Treaty. Abandonment of the compromise is a victory for Benelux and for the Commission whose importance would be enhanced without it.

It is perhaps no coincidence that it has been achieved while Belgium occupies the presidency of the Council and has been encouraged by a Commission headed by a Luxembourger, M Gaston Thorn.

A leading role in demanding the majority vote from the Agriculture Ministers was played by the Commission's vice-president, Viscount Etienne Davignon of Belgium. Britain's bitterness at the actions of these two men will be long-lasting. Officials have long felt that M Thorn is personally hostile to the UK and that he has manoeuvred his Commission against British interests. His re-nomination for a second two-year term in June may now be at issue, at least as far as London is concerned.

Spadolini to call votes of confidence

By James Buxton in Rome

THE ITALIAN Government will call votes of confidence to secure the rapid passage through Parliament of measures aimed at preventing a potentially devastating referendum on severance payments.

The referendum, set for June 13, will ask Italians to approve linking severance payments for workers who leave their jobs to the Scala Mobile wage indexation system. That could increase labour costs by as much as 10 per cent, as employers would have to make back-payments of severance pay accrued since index-linking was abandoned in 1977.

To prevent the referendum going ahead, compromise legislation was painfully hammered out between the political parties. But it must be passed by the end of this week if the referendum is to be avoided.

It has already been given preliminary approval by the Senate but is under threat in the Chamber of Deputies, where the left-wing Radical Party and the right-wing MSI party have put down some 1,200 amendments.

Sig Giovanni Spadolini's Government should be sure of winning votes of confidence linked to clauses in the Bill on the severance pay issue. All five parties in the coalition accept the need to approve the legislation. The measure also has the acceptance of union leaders, while the Communist Party is putting up only mild opposition.

The referendum, which is expected to cost the state some L200bn (£86m) even if it is cancelled, was promoted by the Democrazia Proletaria, a small far-left party.

WEEK-LONG FRENCH TOUR OF WEST AFRICA

Mitterrand seeks to untie colonial knots

BY QUENTIN PEEL, AFRICA EDITOR

ASK ANY old Africa hand in Paris what he thinks about President Mitterrand's special adviser on African relations, M Guy Penne, and the chances *are he will reply:* "He was a good dentist."

At a time when the African policy of the French administration is being questioned by critics both from the left and the right, as well as from the Continent itself, the fact that the President's closest aide has *no previous African experience* —he was indeed a dentist—is a matter of considerable cynicism.

The choice should be seen, however, in the light of the almost incestuous relationship between members of preciding French administrations, and their counterparts in the former colonies. M Penne has none of the complications of such relationships with African leaders.

M. Penne will be at President Mitterrand's right hand when he leaves today on his first trip to sub-Saharan Africa since coming to power. His job will *be to provide the President* with the arguments needed to perform a remarkable balancing act in his public statements as he travels through the former colonies of Ivory Coast, Senegal and Niger.

On the one hand, the French head of state needs to reassure the conservative older generation of African leaders—as exemplified by President Houphouet-Boigny of Ivory Coast—that the special relationship they have always enjoyed with their former colonial power is undiluted by the advent of a Socilaist government.

At the same time, President Mitterrand needs to reassure both the rising generation of more radical African leaders, and his own supporters in the Franch Socialist Party, that he is not simply maintaining that paternalist neo-colonialism, *which has characterised his* country's relations with the continent for the past 20 years.

His problem is that African relations have always been much more involved in French internal politics than was ever the case in Britain.

The further dimension of *personal relationships between* African leaders, such as President Houphouet or President Bongo in Gabon, and leading politicians in France, only complicates the issue. Moreover, many heads of state in Franciphone Africa have come to regard the former Colonial *Ministry in Paris'* Rue *Monsieur*, now called the Ministry of Co-operation, as their own private administration.

In dealing with this complex colonial inheritance, M. Penne has proved to be much more pragmatic in his advice than the more radical Africanists in the Socialist Party would have wished, seeking to maintain established links with many conservative states. But in spite of his efforts, relations with several African governments have become strained, including Gabon, Zaire, Cameroon and *Madagascar*

Top officials of the Socialist Party, the Ministry of External Affairs and the Co-operation Ministry in Paris identify four inter-related themes in the policy:

- A switch from blatant interventionism, as practised by President Giscard, to promoting African solutions for African problems, as in the encouragement of an African peace-keeping force in Chad;
- A big increase in development aid—to be doubled from 0.34 per cent to 0.7 per cent of French gross national product by 1988—with fewer strings attached;
- The promotion of closer links with Anglophone Africa (and the former Portuguese colonies);
- A greater emphasis on upholding human rights, including *closer attention to* developments in southern and South Africa.

The doubling in the aid budget from its level of some \$2.4bn (£1.32bn) in 1980 may be much more difficult to accomplish at a time of economic recession, but officials *insist that it is a firm commitment of the Administration.*

An exercise is currently under way at the Rue Monsieur to see if the existing ties on bilateral aid—at least 80 per cent of which is committed to the purchase of French imports —should not be abandoned, to counter the argument that it amounts to economic colonialism.

Such a move would undoubtedly fall foul of the French business community, which so far has been surprisingly uncritical of Socialist policy in Africa. *Traders with* Africa would be happy to see an inrease in aid, but only if it boosts their exports.

The other area of potential conflict between the French business community and the Administration concerns relations with South Africa. Here, again, the Elysee has proved to be more pragmatic than the policy of the Socialist Party would have suggested.

Although the Party was committed to discouraging relations with South Africa, trade last year increased by almost half. *However, officials say that the* conditions for awarding export credit guarantees for goods to South Africa have been tightened up, and studies are under way to find alternative sources for France's major imports from South Africa, including both coal and uranium.

Nevertheless, the problems of unscrambling former relations both with black and white Africa have proved to be such that M Mittefand is being forced to concentrate on new departures — such as his aid policy, and his tough statements *on southern Africa — to prove* his socialist commitments, rather than on deliberately breaking former ties.

Lambsdorff vents anger on industry

BY JONATHAN CARR IN BONN

WEST GERMANY'S Economics Minister, Count Otto Lambsdorff, launched a fierce attack on the Federation of German Industry (*BDI*), accusing it of "pessimism and distortion" in its latest annual report.

"Whoever draws up a report in the way you have done calls to life exactly those evil spirits he really wants to exercise," Count Lambsdorff told the federation's annual meeting here.

The Economics Ministry has been seething with indignation since last week when the BDI produced a report accusing the Government of ill-founded optimism, policy delay and lack of perspective.

While Count Lambsdorff had been expected to reply sharply, the forct of his assault, at the start of a speech about world economic problems, took the hundreds of assembled industrialists by surprise.

Describing the West German economy as "better than its reputation — and certainly better than the BDI annual report," the Minister asked:

- Why the federation did not recognise that conditions for an upswing had improved, through a cut in the current account deficit, *falling interest rates and* inflation, reasonable wage settlements and improved business earnings?
- Whether the BDI failed to see, or deliberately obscured, the difference between party congress decisions and actual Government policy (a reference to left-wing economic policy motions passed at the recent congress of the Social Democrat party, senior partner in the Bonn coalition)?
- Whether the federation, which criticised state subsidies, thought the Government liked to have to pay out money for steel, shipbuilding and other sectors? He said he would like to see industry's reaction if the Government really got down to serious talk of subsidy cuts.
- Had the BDI not followed the Government's battle against protectionism abroad, or had this simply passed it by?

Count Lambsdorff, who is a member of the Liberal Free Democrat Party—junior partner in the Bonn alliance—said he knew many industrialists present felt all would be better iwth a change of Government.

But, he added, "you can be quite sure, as I am, that even in that case not much, and nothing of importance, would change in economic policy as currently practised."

The toughness of his remarks may be explained in part by the need for the Free Democrats to emphasise their independence as a third political force in the run-up to key provincial elections this year.

The minister was hardly less harsh in the foreign economic *policy section of his address.*

He warned about growing budget and current account problems in France, about Japan's "aggressive export and restrictive import" policies, and said that after 14 months of a new U.S. Administration, "supplq-side economics" had turned out to be simply growing a budget deficit combined with a tight monetary policy.

THE FALKLANDS CRISIS

Soviet Union cheers on sidelines over Falklands crisis

Anthony Robinson reports from Moscow on official reactions to "imperialist Britain's attempts to re-establish control over a reluctant colony." The conflict comes at a time when the Russians are seeking to forge new links with Latin American countrise. The U.S. decision to support Britain rather than Argentina is therefore welcomed.

SOVIET GEOGRAPHICAL *maps* recognised the existence of an Argentine claim to the Falkland Islands long before the Argentine invasion of the islands six weeks ago. They are clearly marked as the Falkland (*Malvinas*) *Islands on Soviet* maps and have been described thus by the media and in official statements throughout the current crisis.

But by no stretch of the imagination could the Soviet Union *have predicted that these* islands would one day have provided it with a virtually cost-free opportunity to lay bare what it describes as the hostile, aggressive and imperialist pretensions of Great Britain, Nato and the U.S.

The crisis has also allowed the Soviet Union to project itself as a true friend of the peoples of Argentina and of Latin America. This is the message which the Soviet Union has been relaying to its own people and broadcasting around the world in recent weeks.

It has presented the whole affair as an attempt by a colonialist power (Britain) to re-establish control over a reluctant, oppressed colony (the Falklands) in defiance of the *UN resolution against colonialism.* The oppressed are said to be fighting heroically for independence.

At no stage in the dispute, however, has the Soviet Union endorsed Argentina's original *invasion of the islands.* Neither has it raised the question of self-determination for the 1,800 Falkland Islanders, as it unfailingly does when supporting, for *example, the claims of the* Palestine Liberation Organisation or the South West Africa People's Organisation in Namibia.

It is not difficult to spot the reason for these omissions. The Soviet Union is itself the heir to tszarist imperial expansionism and the beneficiary of post-Second World War territorial changes which saw the incorporation of the Baltic republics, Bessarabia, eastern Poland and not least the four northernmost Kuriles Islands.

It clearly *does not want to be seen to be supporting a principle which could imply that* countries with territorial claims against the Soviet Union, including of course China, also have a right to take over their disputed territories by force.

Having disposed of these problems by omitting all reference to them, the Soviet Union has ostensibly reported developments in the dispute fairly by quoting the claims and counter-*claims of both sides.*

But at the same time, its commentaries have clearly supported Argentina against Britain.

The Soviet Union has been delighted to have had this opportunity to criticise the aggressive nature of the Thatcher Government, which it has long seen as anti-Soviet and one of the staunchest sup-*porters of both the U.S. and* Nato.

But what has given most pleasure to the Soviet Union is the way in which the Falklands *crisis forced the U.S. to choose* between loyalty to Latin America and its commitment to Nato.

The clearest indication of what this could mean for the possible long-term evolution of U.S.-Latin America relations, however, came not with any Soviet statement but through the words of the Cuban and Argentine Foreign Ministers who both stated that the U.S. had made a "historic mistake" in coming down on the side of Britain.

This view is almost certainly shared by the Soviet Union, whose greater interest is not in the repercussions of the conflict on British relations with Latin America *but on the region's* relations with the U.S.

Long before the current crisis erupted there had been increasing signs that the Soviet Union was planning to expand its influence in Latin America in the 1980s in much the same way as it spread throughout Asia and Africa in the 1960s and 1970s.

In global terms the Soviet view of Latin America is, to some extent, similar to the U.S. view of Eastern Europe. Latin America is seen as the "back garden" of the U.S. in the way that Eastern Europe is the "*back garden*" *of the* Soviet Union.

The Reagan Administration's deep concern over developments in Central America clearly testifies it is sensitive to the growth of Soviet influence in Latin America, just as the Soviet Union is sensitive to what it sees as Western influence in Poland.

There can be little doubt that *the Soviet* leadership derives considerable satisfaction from the fact that the U.S., once so invulnerable thanks to the oceans and its military and economic strength, is now not only prey to the sort of deep security preoccupations of the much-invaded Soviet Union, but *also to the prospect of increasing* political and economic difficulties with its own direct neighbours in Latin America.

Meanwhile two other significant events have taken place during the Falklands crisis which have underlined the growing Soviet interest in Latin America.

The first was the visit of candidate Politburo member Gennadi Aleyev to Mexico at the head of a high-ranking Soviet *delegation.*

Mr Aleyev is the party boss of Azerbaizhan. He is also seen in Moscow as one of the rising stars of the younger *generation of Soviet leaders.* He is tipped to take over as head of the KGB if, as expected, the present incumbent Mr Yuri Andropov moves up to higher things.

His visit underlined the future importance *of* Soviet relations with oil rich and fast developing *Mexico*. The *second event* was the state visit to the Soviet Union earlier this month of a Nicaraguan delegation led by Sr Daniel Ortega, a leader of the left wing Nicaraguan junta. Sr Ortega received the full red carpet treatment from the Soviet leadership and had a direct *meeting with President Brezhnev*, who also hosted an official dinner in his honour.

Sr Ortega went back to Nicaragua with the promise of $60m (£33m) in economic assistance and the status of a fully-*fledged friend of the Soviet* Union.

The Soviet Union is also working to reduce U.S. influence and strongly supported the call by *Venezuela and other Latin* American countries to remove the headquarters of the Organisation of American States (OAS) from Washington to a Latin American capital, following the pro-British stance of the U.S. over the Falklands dispute.

Pressure grows for dropping of Alemann

BY HUGH O'SHAUGHNESSY IN BUENOS AIRES

THE LIQUIDATION of two more finance companies and the failure of the Argentine Government to receive any offer for *the purchase of the electro*-mechanical division of the ailing state-owned industrial company, Sian, have revived speculation about the future of Dr Roberto *Alemann, the Economy Minister.* He has just completed an extensive tour of Europe and the U.S. seeking to bolster Argentina's foreign credit.

On Monday, the Central Bank decreed the winding up of Porfar, Argentina's *fifteenth* largest finance company, which suspended payments last week, and of Simbolo, a Tucuman-based finance company, eighty *eighth in the Argentine ranking.*

More than a dozen finance *houses have now* closed since the beginning of the Falklands crisis and a score or more others are reported to be in difficulties.

The failure of any purchaser to come forward on Monday, for the Sian company which was being offered for a minimum of $3m (£1.6m) free of any liability was the third such failure. During the term in office of Dr Jose Alfredo Martinez de Hoz, Economy minister under General Videla from 1976 to 1981, two abortive bids were made to sell the plant.

Despite the failure to sell the electro-mechanical division, efforts are to go ahead to dispose of the rest of the group by means of tenders which will be open on June 16.

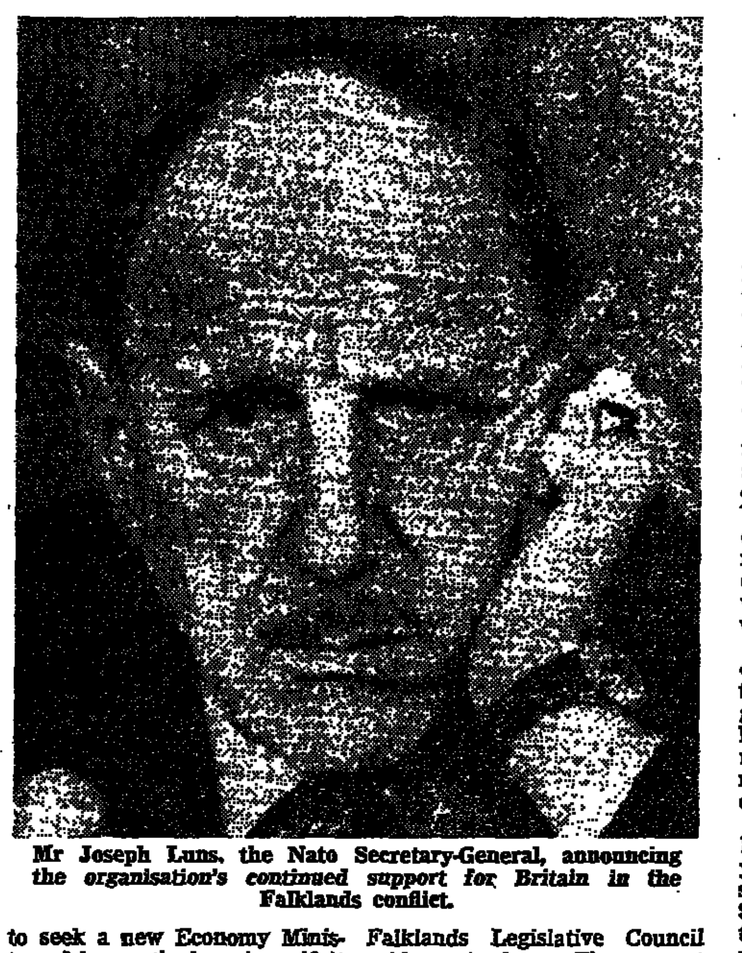
The state first acquired a majority holding in Sian in 1970 after the company which used to assemble Austin cars ran *into financial difficulty.*

Last week the junta halted the process of denationalisation of state-owned companies, which had been the cornerstone of the policies of Dr Alemann. The announcement of the change of plan came during Dr Alemann's absence abroad, but it was made clear that plans to sell Sian would not be affected.

Argentina's continuing financial crisis was tempered by the news that during the second week of May the country's international reserves rose by $110m bringing the increase on the first two weeks to $250m. It was also announced that the Capozzolo Group, a meeting of whose creditors was held on Saturday, was seeking to capitalise some of its debts of $170m.

Continuing hostilities with Britain, pressure from industrialists, trade unionists and politicians for an end to Dr Aleman's monetarist policies and recent economic reverses are all leading to speculation that the Government may have to seek a new Economy Minister of less orthodox views if it is to maintain any unity around the political strategies of General Leopoldo Galtieri.

AP-DJ reports: Falkland islanders opposed to Argentine *rule* have been arrested and possibly put in a detention centre, an exiled member of the Falklands Legislative Council said yesterday. The report came from Mr John Cheek, who said in London that he had received a letter from his father in the disputed South Atlantic territory, dated April 29, which said Mr Cheek's brother, Gerald, was among those arrested.



Mr Joseph Luns, the Nato Secretary-General, announcing the *organisation's continued support for Britain in the* Falklands conflict.

Bolivia hit by cash ripple effect

By Peter Montagnon, Euromarkets Correspondent

BOLIVIA has told its international bankers that it is suffering a temporary shortage of foreign exchange due to its inability to discount the proceeds of gas sales to Argentina.

As a result it has asked them to waive for one week a payment due on a $75m credit to the oil concern Yacimientos Petroliferos Fiscales Bolivianos. The payment, which fell due yesterday amounts to $4.6m of which it said only $2.5m would be paid on schedule.

Sr Gonzalo Ruiz, governor of Bolivia's Central Bank, told the banks concerned that gas export sales to Argentina have been discounted on a regular basis in the past and represent a substantial source of dollar revenue to Bolivia.

The loan in question was hescheduled in the spring last year as part of a general rescheduling by Bolivia of some $450m foreign debt. Part of the conditions for the rescheduling was that Bolivia would agree to an economic stabilisation programme with the International Monetary Fund.

While this has not happened, banks have generally been willing to ignore that part of the rescheduling conditions because until now Bolivia has been fairly prompt in meeting its debt service payments.

The latest development, however, is one example of the Argentine crisis having a *ripple effect on other Latin* American countries, bankers said yesterday.

Elsewhere in South America banks are also growing increasingly worried about Honduras which is seriously behind with debt service payments. Honduras owes commercial banks around $350m.

Haughey under Opposition fire

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

THE IRISH Government's policy on the Falklands, and its refusal to extend trade sanctions against Argentina, have been strongly criticised in the Dail (Parliament) by the Opposition leader, Dr Garret FitzGerald.

Dr FitzGerald accused the Prime Minister, Mr Charles Haughey, of damaging Anglo-*Irish relations, perhaps* irreparably. He also claimed that the Government had thrown away Ireland's traditional role as a peacemaker and accused it of having "a wavering and ambivalent attitude."

Mr Haughey said the Government's policy had been consistent and constructive and that Ireland had not altered its support for United Nations resolution 502 which calls for a cessation of hostilities and the withdrawal of Argentine forces from the islands. But he repeated *his* view that to continue to support sanctions, in view of the serious escalation of military activity, *would* endanger Irish neutrality.

Although everyone agrees that Anglo-Irish relations have reached one of their lowest ever ebbs, the Northern Ireland Minister with responsibility for industry, Mr Adam Butler showed that business would go on by visiting Dublin yesterday for talks on a natural gas pipeline from Dublin to Belfast.

Trade between Ireland and Argentina—worth about I£14m—is in theory now free to resume. A system ofl licences will be instituted however, to prevent goods passing on to other European Community states, and as a result, there is unlikely to be any practical resumption of trade during the seven days' extension of sanctions.

Irish diplomats will try to minimise the damage to Anglo-Irish relations and EEC solidarity. Some officials would have preferred Mr Haughey to lay less stress on neutrality as the reason for Ireland's difficulties, because the scope of Irish neutrality is distinctly ill-defined. Dr FitzGerald described it as "a phoney excuse."

Mr Haughey was, however, *almost certainly correct in the* assertion that his policy has wide support among the Irish people.

Britain asks Rome to explain

BY JAMES BUXTON IN ROME

BRITAIN will be seeking details from Italy on how it intends to enforce its undertaking that it will not undermine the European Community's sanctions *against Argentina, even though* it refused in Luxembourg on Monday to renew them for another seven days.

Because of domestic political *pressure Italy agreed only to* maintain its embargo on deliveries of arms to Argentina. It indicated that it would not allow itself to be a channel for the entry of Argentine goods into other EEC countries.

The decision not to extend the sanctions and thus to break EEC solidarity on the Falklands issue was made by the Prime Minister, Sig Giovanni Spado*lini.* Both the Christian Democrat and Socialist parties, the two most important members of his five-party-coalition, were opposed to renewal, as was the large opposition Communist Party.

The Italian action was justified on the ground that about 80 per cent of the parties *represented* in Parliament were against renewal, believing Italy should be more even-handed in the dispute, and for the more practical reason that the future *of the Government would have* been jeopardised by a decision to renew the measures.

Behind the decision lie the very strong ties of trade and investment between Italy and Argentina. There are 1.3m *Italian passport* holders in Argentina and about 10m of the 27m Argentine population are of Italian origin. Italian public opinion has tended increasingly to favour Argentina as the Falklands conflict has developed.

The decision was a painful one for Sig Spadolini, however. His small Republican Party is strongly European in outlook, and Sig Emilio Colombo, the Foreign Minister, was visibly embarrassed by the decision he was obliged to carry out.

An editorial in the economic daily, Il Globo, yesterday attacked the Government's decision and Italy's consequent isolation in Europe and separa*tion from the U.S.* "*for the pre*tence of upholding, against the necessity of dignified choices, the practice of ambiguous cunning without honour."

Officials at the *Ministry of* Foreign Trade said that the sanctions against Argentina had had little effect on Italian imports because they had covered only goods which had been despatched after the sanc*tions began. With a sailing time* from Argentina of two and a half weeks that meant that the sanctions had only begun to bite in the past 10 days.

Haig reaffirms U.S. support for London

LUXEMBOURG—U.S. *support* for britain in the crisis was reaffirmed by Mr Alexander Haig, the U.S. Secretary of State, yesterday. "We intend to abide *fully* by commitments made," Mr Haig told reporters.

His statement followed the announcement of renewed support by Foreign Ministers of the North Atlantic Treaty Organisation for Britain's position in the conflict.

Mr Joseph Luns, the Nato Secretary-General, told reporters there *was no criticism* of British military action in the South Atlantic.

A communique issued by the Ministers said: "In view of the fundamental importance which they attach to the principle that the use of force to resolve international disputes should be resolutely opposed by the inter*national community, the allies* condemn Argentina for its aggression against the Falkland islands and dependencies and deplore the fact that after more than six weeks she has still not withdrawn her forces in compliance with mandatory resolution 502 of the Security Council.

"They call for a continuation *of the efforts to achieve a satis*factory negotiated settlement in accordance with this resolution in its entirety."

AP

OVERSEAS NEWS

President's relative arrested in Korean loan scandal

BY OUR FOREIGN STAFF

A RELATIVE of South Korea's President Chun Doo Hwan was arrested yesterday as investigations spread into a multi-million *pound loan* scandal that has shaken Seoul's financial and business community.

The prosecutor-general's office said General Lee Kyu-Kwang, a former Provost Marshal in the army, an uncle of the President's wife, had been detained and charged with accepting 100m won (£78,585) from money lenders *after promising to try to influence* officials to help set up a bank in partnership with unnamed banks in the Middle East.

The scandal has now led to 18 arrests and forced several companies to the verge of bankruptcy. Gen Lee was being questioned yesterday about his alleged involvement with two money-lenders accused of manipulating the unoffiical loan *market*, causing a run *on* the stock exchange and a drying up of short-term loan capital.

He has resigned as president of the state-run Korea Mining Promotion Corporation as a result of the scandal. Those *arrested for involvement* include two bank and two company presidents.

Trading in shares of two companies, Kong Yung Construction and Ilssin Steel, have been suspended and Ilssin, which had sales of $221m (*£121.5m*) in 1981, has been put up for public *sale.*

About 800 Ilssin workers demonstrated against non-payment of wages and for job security on Monday. The com*mercial Bank of Korea, whose* former chairman, Mr Kong Duk *Jong*, is being held in connection with the scandal, subsequently released funds to meet the payments.

President Chun: MPs call for Cabinet dismissals

There have been calls in Parliament for Economic and Justice Ministers to take responsibility *for the scandal* and to resign. Opposition parties have sought clarification of allegations that President Chun's ruling Democratic Justice Party) may have had links with the two money-lenders.

The prosecutor-general's office named the money-lenders as a husband-and-wife team, Mr Lee Chol-Hi, former deputy chief of Korea's Central Intelligence Agency, and Mrs Chang Yong-Ja.

Companies turn to the *unofficial loan market* as an alternative to financial institutions as a source of funds. Banking officials believe the market has about won 6,600bn (£5.2bn) to be lent, often at interest rates nearly twice as *high as bank rates.*

Prime Minister Zenko Suzuki faces a crucial battle, reports **Richard Hanson** in Tokyo

Japan prepares for political heat wave

A LONG-AWAITED proposal to overhaul Japan's three most *controversial public corporations*—rail, telecommunications and tobacco and salt—has stirred a political hornet's nest for Mr Zenko Suzuki, the Prime *Minister.*

Mr Suzuki's handling of the proposed reforms, which include a plan to return at least partial control of governmental bodies to the private sector, may be crucial in determining his chances for re-election *as president* of the ruling Liberal Democratic Party next autumn.

The president of the LDP automatically holds the post of Prime Minister.

Reform of the public corporations is, however, just one of several burning political and *economic* issues which Mr Suzuki appears intent on braving over what looks like being a very hot political summer in Japan.

In a recent about face, Mr Suzuki and his supporters decided to *push for a lengthy* extension of the current Diet (parliament) session, which ends today.

The strategy appears designed to let the hottest issues burn themselves out in Diet debates before *gearing up for a tough* fight for the November party election.

Waiting on the sidelines to take advantage of possible blunders by the Prime Minister are a number of determined LDP rivals.

These include, prominently, Mr Takeo Fukuda, the former Prime Minister, and Mr Toshio Komoto, the Economic Planning chief.

Fanning the flames will be a final report next month on unprecedented shortfalls in tax revenues last fiscal year of over Y3,000bn (£7bn) and the prospect of a larger gap between government spending and revenues in the 12 months *from April 1.*

Charges of fiscal mismanagement by the Government will be hard to duck.

Added to this, a potentially embarrassing (to the *LDP* court ruling expected early in June in the long-running Lockheed bribery scandal affair.

Mr Suzuki meanwhile has *added to his agenda this sum*mer the passage of a complicated bill changing the election rules for the Upper House, making national campaigns less costly for candidates.

Mr Suzuki is thought to need this legislative victory to boost his image as a "clean" politician before the usually unseemly LDP political infighting begins in the autumn.

The initial reaction to the plans to reform the Japan National Railways (JNR), the domestic monopoly Nippon Telegraph and Telephone Public Corporation (NTT) and the Japan Tobacco and Salt *Public* Corporation indicate the likelihood of an uphill battle against those with vested interests in maintaining the status quo.

The *proposals* were made by a *sub-committee*, the Prime Minister's own ad hoc Council on Administrative Reform, which will make a final report *in July.*

Under the provisions outlined this week the JNR, whose cumulative deficits topped Y16,000bn at the end of March, would be divided over the next five years into several regional *companies.*

The government would retain a majority share but the companies, *would be expected* to rationalise drastically.

Similarly NTT would be divided into smaller regional companies, but with a central company, owned wholly by the government, still controlling both the key circuit and the local companies.

The Tobacco and Salt Monopoly, which among other functions buys all locally produced tobacco leaf, would have to split off its import business into a private company.

This has become a touchy trade issue as U.S. cigarette producers have begun demanding significantly more access to the Japanese market.

Observers expect that opposition to these changes from the bureaucracy and political parties will result, at best, in the passing of a much more moderate form of the proposals.

They note that, along with strong resistance within the LDP, the Japan Socialist Party, *has come out against the pro*posals.

The JSP, with the Communist party, depends heavily on support from public sector employees.

AP-DJ

JAPAN'S AEROSPACE INDUSTRY

Military sales provide rapid increase in business

JAPAN'S areospace industry is *flying high as military sales to* the country's self-defence forces provide rapidly increasing business for the 31 member companies of the Society of Japanese Aerospace Companies, which does 85 per cent of its *business with the military.*

Aerospace sales are estimated to have risen 17 per cent in the year to March over 1980-81, and are expected to rise 29 per cent this year to $1.94bn (£1.07bn).

Mr Yoshihiro Sakamoto, air*craft industry director of the* Ministry of International Trade and Industry, says licensed production of McDonnell Douglas F15 fighters and Lockheed P3C submarine spotters is the main factor in the rise.

The self-defence forces will order 84 aircraft this year, including 23 F15s and seven P3Cs, for $18.3bn, almost three times the amount of last year's orders. The aircraft are for delivery over many years.

U.S. officials complained for years that Japan did not spend *enough on its own defence.* Compared with the U.S. and Europe, Tokyo's defence outlays are still minute. But Japan's rapid growth has recently led more than one U.S. expert to worry lest the U.S. may have *encouraged Japan to develop an* aircraft industry that might one day rival the U.S., just as Japan's car and steel industries do today.

Japan's *constitution forbids* the export of armaments. Shipments of non-military aircraft, on the other hand, are allowed. Japanese aircraft executives, however, scoff at the notion that they might ever overtake the U.S. Japan's aircraft exports are expected to rise 56.9 per cent in the year ended in *March, but* amount only to $258m.

*The Trade Ministry is en*couraging the indsutry's development as part of its strategy to move Japan into high-technology indsutries and out of basic industries where it faces increasing competition from newly *industralised countries such as* South Korea and Taiwan.

The Ministry is supporting aircraft - development with hundreds of millions of dollars in loans, which do not have to be repaid until the ventures are *profitable. In one such effort,* three Japanese companies are *jointly developing a new jet* engine with Rolls-Royce. In another, a three-company group is developing fuselage parts for Boeing 767 and 777 airliners.

Japan produces the McDonnell *Douglas and Lockheed aircraft* under licence, rather than buying them outright from the U.S., mainly to learn about up-to-date aircraft manufacturing systems and technologies, but also to provide for Japanese business.

Mitsubishi heavy industries, a main contractor for the F15s, will deliver 15 of the advanced fighters to the self-defence forces by next April, and a group of companies headed by Kawasaki will deliver five P3Cs.

Non-military business is also doing well. Late last year, Mitsubishi received a certification from U.S. aviation authorities to fly its Diamond-1 twin-engine business jet in the U.S. *Mitsubishi* regards the aircraft as a competitor to the Cessna's Citation two.

Kawasaki has orders for 130 BK117 twin-engine helicopters which it developed jointly with Messerschmitt-Bolkow-Blohm of West Germany.

Kawasaki, Mitsubishi and Fuji heavy industries are planning this summer to increase fuselage production for the Boeing 767 to five a month from three, unless weakness in overseas aircraft markets dictates otherwise.

AP-DJ

Unexpected boost for Pakistan's economy

By David Dodwell

PAKISTAN'S economy has been given an unexpected boost in recent months as remittances from foreign workers have surged and import costs have risen much *more slowly than forecast.*

As a result, gloomy predictions of a $4bn (£2.2bn) trade deficit, a $500m-or-more deficit on the country's over*all balance of payments* and increased foreign borrowing needs, have been overturned.

Instead, the government is forecasting a trade deficit for the year *ending in June of* just $3bn, and an overall balance of payments deficit of no more than $50m.

Remittances from Pakistanis working overseas have surged by about $50m a month since February, and are now expected to amount to $2.16-$2.19bn this financial year.

Exports are expected to *recover to earn about* $2.7bn—below last year's $2.8bn—but a great deal better than feared in January when cotton exports, which account *for at least* 40 per cent of visible exports, had slumped to barely a third of the previous year's earnings.

Imports, which rose 14 per cent last year to $550m, have risen much more slowly than feared. As oil imports for the year are likely to cost just *$1.3bn, compared with* earlier predictions of $1.6bn, the import bill is expected to rise by just 4 per cent to $5.75bn.

The Government is particularly pleased with the economic *turn-round, since* it means forecasts made for economic recovery following a major debt rescheduling in January last year are now back on target.

Soviet proposal for nuclear arms freeze rejected

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration yesterday rapidly dismissed a proposal by President Leonid Brezhnev, the Soviet leader, for an immediate freeze on strategic nuclear weapons on the grounds that it would leave the U.S. at a disadvantage.

Senior Administration officials, however, welcomed what they saw as Soviet readiness to start a new round of strategic arms control negotiations.

Mr George Bush, the U.S. Vice-President, said he was "encouraged" by the apparent Soviet acceptance of Washington's offer to start talks. In making his proposal earlier in the day, Mr Brezhnev had said that the freeze should coincide with the opening of negotiations.

In Luxembourg, Mr Alexander Haig, the Secretary of State, said U.S. agreement to a freeze would relieve the Soviet Union, of any incentives to make rapid progress towards substantial reductions in strategic forces.

He emphasised, however, that he was not formally rejecting Mr Brezhnev's proposal, and went out of his way to suggest that on some points Soviet and U.S. views were not incompatible. He was willing to see points of agreement, he said.

President Ronald Reagan has proposed that in a first stage both sides should reduce their land and sea based inter-continental missiles by one third, leaving no more than half of their total forces on land.

Mr Haig, who was in Luxembourg for the Nato spring ministerial meeting, said that a freeze would codify Soviet advantages and also affect the U.S.-Soviet talks in Geneva on intermediate range nuclear missiles in Europe.

"Nuclear freezes do not produce effective arms control," he said.

U.S. officials travelling with Mr Haig, indicated that he might meet Mr Andrei Gromyko, the Soviet Foreign Minister, next month to arrange the opening of negotiations. Mr Reagan has proposed that they start before the end of June.

Anthony Robinson in Moscow writes: President Brezhnev, while accepting that the two sides should enter into new strategic arms reduction talks, criticised the latest U.S. proposals put forward by President Reagan at Eureka, Illinois, on May 9 as being absolutely one-sided.

Speaking at the opening session of the Kosomol (Young Communist) conference in Moscow, he said the proposals were "orientated not to the search for agreement but to provide conditions for the continuation of Washington's attempts to achieve military superiority."

For talks to be successful "it is necessary that both sides should conduct them with due regard for each other's legitimate security interests and strictly in accordance with the principles of equality and equal security," he added

Mr Brezhnev did not mention President Reagan's proposal that the two men should meet in New York next month during the UN special session on disarmament.

By criticising the U.S. proposals generally as "one-sided," President Brezhnev has endorsed the initial Soviet reaction that the Reagan proposals are unfair because the Soviet Union has superiority in both the numbers and through weight of such land-based missiles.

On the other hand Mr Brezhnev's new proposal for a freeze on strategic weapons is seen by Western diplomats both as a move to encourage the "freeze movement" in the West and try to stop the U.S. from deploying new Trident and MX missile systems and the B-1 bomber, neither of which were even mentioned in President Reagan's Eureka proposals.

The Soviet President also recalled the unilateral Soviet decision announced last March to halt further deployment of SS20 missiles in the Western part of the Soviet Union.

Senate overturns budget plan

By Anatole Kalestsky in Washington

THE U.S. Senate yesterday effectively overturned the compromise budget forged by its budget committee and the White House less than a week ago.

At the same time, Mr Donald Regan, Treasury Secretary, warned of a "very anaemic recovery" unless Congress agrees quickly on a budget.

After days of intensive lobbying, Senator Pete Domenici, the budget committee's chairman, acknowledged late on Monday that he could not muster enough support to sustain his agreement with President Ronald Reagan on social security "savings"

"We don't have the courage to do it" in an election year, he said, after Republican and Democratic senators vied with each other to go on record opposing the $40bn (£22bn) of social security savings over three years proposed in the budget resolution.

With the social security savings effectively dropped, White House officials and Republican congressional leaders were working feverishly yesterday to come up with new proposals to reduce the budget deficit.

Smugglers' paradise on the Mexican border

BY DAVID LASCELLES, RECENTLY IN BROWNSVILLE

YOU CAN'T GO further south in the U.S. than the Texan town of Brownsville without falling into the muddy waters of the Rio Grande. But being the last stop before Mexico—or, more pointedly, the first after it—has its compensations, and they have little to do with hot weather and the whiff of chilli.

Far from languishing at the back of beyond, this bustling community of 85,000 is riding a boom that is no less sweet for being built as much on flight capital, and even contraband, as on a thriving cross-border trade.

Brownsville and its companion town of Matamoros across the river lie at the meeting point of one of the world's richest countries and one of its poorer. It would be hard to find a place where two such vastly different communities live cheek by jowl driving across the short border bridge is like stepping into a time machine.

Brownsville is brash, modern-day American, with broad palm-lined avenues, garish petrol stations and carefully manicured condominiums (even if many of the signs are in Spanish and half the inhabitants basically Mexican). Only a few yards away in Matamoros, the streets are narrow and choked with dilapidated vehicles, the buildings low and shabby, and the air unmistakably Hispanic.

Both towns lie on the same rich alluvial plain deposited by the Rio Grande, but while the farms round Brownsville sport lush pastures and fat cattle, those outside Matamoros look ill-tilled and poorly stocked. No traveller can fail to be struck by what are politely called the "cultural" differences. Passing through the (computerised) U.S. border post is a brisk and breezy business. On the Mexican side, the traveller instantly learns the meaning of "La mordida," the bribe without which he will be lucky to get further than the first checkpost.

This huge disparity is the key to both towns' livelihood: they thrive off each other in a way that only total opposites can. Brownsville has the money and the goods, Matamoros the cheap labour and the markets. It is only a question of whether the two come together above or below board.

The legitimate business is highly institutionalised. Both the U.S. and Mexico have made special arrangements to help it flourish. Every day, thousands of Mexicans cross the bridge on special temporary passes to shop in the U.S., seeking everything from duty-free luxuries to basic necessities which are either expensive or unavailable in Mexico. At the same time, thousands of U.S. industrial components head the opposite way to be assembled by cheap Mexican labour in special bonded industrial estates and then brought back again.

Mexicans caught trying to enter the U.S.

Not surprisingly the gap in living standards has made Brownsville-Matamoros a smuggler's paradise, so much so that—at a petty level at least—smuggling has become part of the way of life.

At one end of the scale, prosperous American housewives drive over to Matamoros to hire maids while their husbands fill up with cheap liquor and petrol. At the other, planes crammed with high technology equipment head south, usually at night, for remote landing strips in northern Mexico where well-organised gangs take in on elsewhere by truck.

One U.S. entrepreneur who runs a hotel in northern Mexico relates that he not only shipped in virtually all the material and equipment for it but also "runs in" all the food and supplies by light plane because local traders cannot match the U.S. for quantity, quality and even price. "La Mordida" takes care of the local officials.

The pace of purchases has quickened in the run-up to this year's Mexican elections because even though the outcome is in little doubt, left-wing parties are mounting a credible challenge to the ruling establishment. But if Brownsville benefits from Mexico's shortcomings, it can suffer too. The recent surprise depreciation of the peso cut Mexicans' purchasing power by 40 per cent at a stroke and led to a noticeable drop in cross-border business.

The shadier side to Brownsville-Matamoros' borderland prosperity presents the U.S. authorities with something of a dilemma, not least because the Mexicans turn a blind eye to most things short of gun-running and currency offences. Smuggling dropped slightly when Mexico raised the price of petrol and liquor, though its intention was to boost revenue rather than stop smugglers.

Washington is reluctant to act too heavy handedly for fear of offending its touchy southern neighbour. Formalities at the border are kept to a minimum: indeed, the immigration authorities seem more concerned with keeping out infected animals and produce than undesirable human beings.

The Rio Grande itself is patrolled by aircraft and ground units but, short of stringent barbed wire along its entire length, there is little the immigration authorities can do to keep determined Mexicans out. They have done better by raiding known communities of illegal aliens in southern towns like Houston and Los Angeles. A recent sweep netted 5,000 of them.

Sharp EEC attack on Reagan's trade policies

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE EEC yesterday made a blistering attack on the Reagan Administration's trade policies and accused it of disregarding agreements reached in the Tokyo round of international trade talks.

Sir Roy Denman, the European Commission's Director General for External Relations, warned that if the EEC, the U.S. and Japan could not solve their trade problems in the coming months, the entire world trading system would be at risk.

In a speech in Houston, Texas, Sir Roy said Washington's attitude to the General Agreement on Tariffs and Trade (Gatt) was "uncertain." He pointed out that no senior trade official in Washington had any first hand experience of the Tokyo round. He attacked the U.S. mission to the EEC in Brussels for ignorance of Gatt procedures.

Sir Roy said it was difficult to resist drawing the conclusion that Washington was trying to shift the blame for certain difficult conditions in the U.S.—particularly in the steel industry and agriculture—"to foreigners in general and Europeans in particular."

He accused the Reagan Administration of always assuming that the rules were 100 per cent in the U.S.'s favour and failing to be even-handed in explaining the rules of the world trading system to American industries seeking protection.

In particular, he charged Washington with overloading the Gatt by bringing a whole number of separate cases against the EEC on wheat, flour, sugar, poultry, pasta, canned fruit and citrus. The unparalleled concentration of cases risked "blowing" the Gatt dispute settlement process, he warned.

The U.S. was going "a million miles beyond what was negotiated in the Tokyo round" in attacking EEC farm export subsidies, Sir Roy said. He added his concern at the frequent use of the word "aggressive" to describe U.S. farm export policies by Mr John Block, the U.S. Secretary of Agriculture.

Sir Roy said that U.S. Government support for agriculture was of the same order of magnitude as in the EEC. Budget spending on agriculture as a proportion of the farm industry's value added in 1976-1978 was 39.2 per cent in the EEC and 37.6 per cent in the U.S., he claimed.

On steel, Sir Roy repeated accusations that the U.S. steel industry had launched "a massive campaign of harassment against European exporters." He dismissed claims that European dumping was causing material injury to the U.S. steel industry as "moonshine."

The European share of the U.S. market had fallen from 6.7 per cent in 1979 to 4.7 per cent in 1981. Yet, he said, on January 11, four trucks containing over a million documents drew up outside the Washington headquarters of the International Trade Commission and 85 suits were launched against European steelmakers.

Opec 'to maintain level of output through quarter'

BY KIM FUAD IN CARACAS

THE ORGANISATION of Petroleum Exporting Countries will maintain its 17.5m barrels a day oil production ceiling for the rest of the present quarter, according to Dr Subroto, Indonesian Energy Minister.

Dr Subroto is one of the four Opec ministers forming the market monitoring committee set up following the organisation's decision in March to programme the production of 12 of its members.

The other committee members are the Energy Ministers of Algeria, the United Arab Emirates and Venezuela.

The committee met in Caracas, Venezuela, yesterday to review the effect of the cut in Opec production on prices and demand prior to Thursday's ministerial conference in Quito, Ecuador.

Dr Subroto indicated that the Opec ministers meeting in Quito would probably ratify the committee's recommendations that the production programme started on April 1 be continued until the end of June and that the $34 a barrel level for the organisation's marker crude remain unaltered.

He also said there could be changes in output allotments in the third quarter, depending on world demand. A number of Opec countries which have been under strong economic pressure due to reduced oil production could have their quotas increased.

Opec officials who met in Caracas on Sunday and Monday were reported to have recommended to the monitoring committee that the production programme should be maintained for at least another quarter, or perhaps for the rest of the year.

Some Opec ministers, however, are known to oppose locking members into long term production limits and prefer to establish greater flexibility in pro-rationing output.

Call for Australia steel curbs angers Japanese

BY MICHAEL THOMPSON-NOEL IN SYDNEY

JAPANESE steel producers have been angered by the application of BHP, Australia's largest company, for increased levels of protection for the Australian steel industry.

The anger has surfaced just as Mr Malcolm Fraser, the Prime Minister, has been expressing satisfaction about U.S. reaction to an Australian plan for the reform of world trade.

In Washington earlier this week, Mr Fraser outlined to President Reagan plans for a freeze on current levels of protectionism, long-term reduction of trade barriers and the abolition within five years of all export incentives.

The Japan Iron and Steel Exporters Association has said it views moves to secure higher levels of protection for the Australian steel industry as a "deplorable development."

It has asked the Department of Industry and Commerce in Canberra to determine whether the Australian economy as a whole has suffered significant injury as a result of higher imports of steel products.

The Japanese producers have told the Australian authorities that extra protectionist measures, hastily resorted to, would prove detrimental to development of the Australian economy.

Application for temporary assistance in specified steel product areas have been made by BHP and its subsidiary, John Lysaght Australia.

It is up to the Department of Industry whether to refer the application to the Temporary Assistance Authority.

Last weekend, Mr Brian Loton, BHP's managing director, said the future of the company's steelmaking operations might depend on whether import safeguards were forthcoming.

He said that at present, BHP was trimming its operations, rather than implementing large-scale closures. He declined to comment on estimates that the company might lose more than A$100m (£58.8m) on steel-making this year.

The Japanese producers claim they have been exporting hot rolled strip, sheet and plate steel products to Australia on a stable and regular basis for many years.

BHP said in Melbourne yesterday that it had no comment to make on Japanese criticism of its application for temporary assistance.

On Monday, BHP raised prices of its iron and steel products by an average of 4.25 per cent. It spoke of the rising volume of Japanese and Korean imports and of cost escalation, such as the award of a 38-hour week to steel industry workers.

Following his talks in Washington, Mr Fraser is due to outline his proposal for reform of world trade to the Canadian and Japanese Prime Ministers, before visiting South Korea.

The fear in Canberra is that Mr Fraser's initiative comes too late to have any possible impact on the Versailles economic summit early next month.

Warning on Tokyo import packages

By Charles Smith, Far East Editor in Tokyo

JAPANESE import liberalisation packages, no matter how good, will not in themselves accomplish the changes Europe is seeking in its trading relationship with Japan, the leader of a delegation from the European Parliament said yesterday.

Sir Fred Warner, a former UK ambasador to Tokyo, said that administrative action by Japan to open its market would not produce the desired results because of differences between the Japanese and European economic systems.

"So far, we have always looked at our problems as if Europe and Japan were the same kind of capitalist economies which could fit into the same framework. We now have to question—whether it is as simple and straightforward as that."

Removal of farm product quotas ruled out

BY OUR WORLD TRADE STAFF

JAPAN has virtually ruled out any quick removal of import quotas on agricultural products Foreign Ministry officials said in Tokyo.

They said Mr Yoshio Sakurauchi, the Foreign Minister, had written to Mr William Brock, the U.S. Trade Representative, noting it would be very difficult to include the lifting of agricultural quotas in the package of trade liberalisation measures expected later this month.

Mr Brock had written to Mr Sakurauchi demanding that liberalisation of the 22 quotas covering agricultural imports be included in the package. The U.S. is particularly concerned about quotas on beef and citrus products.

Following a meeting earlier in the month between U.S. and Japanese officials in Geneva, it was agreed to hold further talks on access for agricultural products.

But officials in the Agriculture, Forestry and Fisheries Ministry and in the dominant Liberal Democratic Party have said there should be no bilateral negotiations unless Mr Brock withdraws his demand.

This points to rising resistance within Japan to agricultural concessions for the U.S. which has made easier access to the Japanese market for farm products one of the key demands in its sustained attacks against Japanese trading policy.

Underlying this pressure is the growing U.S. deficit on its bilateral trade with Japan. Increasingly the pressure has become focused on means of opening up the Japanese market.

But the U.S. position has been weakened, it is thought, by the Reagan Administration's decision to impose its own quotas on sugar imports.

Mr Koichi Kato, chairman of the agricultural committee in the Liberal Democratic Party, has said Japanese concessions to the U.S. on farm products would, in any case, be worth only $700m to U.S. exporters while last year's U.S. deficit with Japan was $18bn.

Metalexport sees sales to West down 20%

By Christopher Bobinski in Warsaw

METALEXPORT, Poland's machine tool foreign trade company, expects sales to the West this year to drop by some 20 per cent compared with 1981.

Hard currency exports of machine tools last year were worth $107.3m, compared with sales worth $73.5m in 1980, according to Mr Stanislaw Trzeciak, a senior company executive.

Mr Trzeciak, speaking in an interview for the Rynki Zagraniczne newspaper, blamed the decline in Poland's official image abroad for the expected fall. The U.S. dockworkers' boycott of Polish goods was also hurting Polish sales to the U.S. market which were worth $12.3m last year.

Sales to Great Britain last year were worth just $270,000.

As for trade with Comecon, Mr Trzeciak revealed that, in view of Poland's problems in getting hard currency for components, agreements for machine tools sales to the Soviet Union would see the Soviets providing either the necessary components from the West, suitable replacements or simply the hard currency so that Poland could buy them.

This hard currency input would be treated as a form of down payment on the deal, Mr Trzeciak said.

Mr Trzeciak also said that the Polish zloty must be devalued further from the present 80 zlotys to the U.S. dollar to around 120-130 zlotys.

At the present rate Mr Trzeciak says 65 per cent of the machine tools sold to the West "Are not as profitable as we would like them to be," a euphemistic way of saying they are being produced at a near loss.

This means that industry is not interested in producing for export markets where quality requirements are higher than at home or in Comecon for that matter.

The call for devaluation is common in industry, and the Government is to review the situation in the second half of the year.

Kenneth Gooding examines one effect of the current recession

Hard year for commercial vehicles

A WARNING that 1982 will be the most difficult year yet in the current recession for the European commercial vehicle industry is given in the latest report from DRI Europe, the former Economic Models group.

Profitability will fall and this will speed up the coming shake-out among the manufacturers.

"The prop to production provided by booming export markets will be removed as the oil earnings of key customer countries are squeezed. So there will be considerable pressure on those manufacturers struggling to maintain a presence in the industry," the report suggests.

Among those companies over which DRI puts a question mark are MAN of West Germany and Leyland of the UK.

MAN's recently enhanced profitability is owed to its huge export success and therefore it is "more exposed in 1982 as its position on the home market has deteriorated."

DRI points out that Leyland has suffered a deterioration in both profitability and market position. The "enforced contraction of its manufacturing base is indicative of the way other companies will find that the present profitability and probable future scale of their business cannot justify a high level of vertical integration and wide product range."

The report maintains Leyland "has been pushed into extensive re-integration and contraction. Its dependence on the domestic market has increased as the high value of sterling and delayed product launches have eroded its share of traditional African and Middle East markets. Its European showing remains very weak."

As for Leyland's home market, DRI ponders whether the present recession in the UK industry "represents permanent contraction or an unfortunate interlude" and maintains that the recovery of the British industry "depends critically on export prospects."

It suggests Ford and the General Motors' subsidiary, Bedford, are the "only companies with a realistic chance to succeed in rebuilding exports to Continental Europe—a market which will assume increasing importance as exports beyond Europe fall back."

The report is pessimistic on this point as DRI does not anticipate the UK clawing back lost competitiveness. "Indeed, the UK is likely to remain on the basis of domestic costs and relative exchange rates one of the higher-cost bases from which to export.

"As Opec demand weakens this year and next, UK exporters will continue to experience difficulty in holding their share of total European exports. Production levels will remain significantly below 1980 totals."

The threat to the West German industry foreseen by DRI is the expansion of Japanese light commercial vehicle exports.

The Japanese are contributing to "a serious contraction" of business for the German light commercial vehicle producers. Volkswagen has born the brunt of the Japanese incursion into the European light commercial markets, along with Ford, the report adds—"and is likely progressively to produce a larger proportion of its commercial vehicle output outside the high European cost base."

DRI insists that "even in the free trading German industry concern is mounting and the influx of Japanese commercials is likely to become a more pressing issue in 1982 than the presently spent challenge of Japanese car imports."

All European manufacturers of light commercials increasingly will be confined to European markets as the Japanese dominance of the few but fast-growing developing world markets has been established.

"Faced with rising import penetration in Europe itself, van producers are unlikely to be able to raise output. While the scale of the decline is not dramatic, it will prove to be permanent."

DRI also points out that, now Nissan of Japan has control of Motor Iberica in Spain, that country could develop as a major point of entry for vans of Japanese origin into the EEC, "untrammelled by gentlemanly restrictions."

DRI's European Trucks forecast report provides forecasts of truck registration, production, imports, exports, and vehicle fleets-in-operation all by detailed gross vehicle weight categories for eight countries (Germany, France, UK, Italy, Spain, Sweden, Netherlands and Belgium).

It says that across Europe substantial pent-up demand for commercial vehicles is building, "much of which should be realised as interest rates fall more permanently and as the European domestic economies again stir to life in 1983-84.

European Truck Forecast Report; DRI Europe; 30, Old Queen Street, London SW1H 9HP; $1,200 or £650.

COMMERCIAL VEHICLE PRODUCTION (All vehicles)

	1981 (Actual)	1982	1983 (Forecast)	1987	Growth %
Belgium					
France	404,690	418,762	431,462	442,180	0
Germany	392,744	357,670	383,499	425,347	−1
Italy	159,007	150,361	155,735	167,464	1
Netherlands	10,634	13,093	14,887	17,374	0
Spain	106,816	121,804	127,230	130,109	0
Sweden	50,340	47,213	50,998	57,857	1
UK	214,461	261,236	284,166	284,313	−4
Total (8 countries)	1,388,564	1,420,142	1,497,980	1,524,644	

Source: DRI Europe

Soviet time limit on pipeline

BY JAMES BUXTON IN ROME

ITALY, which has still not decided whether or not to take gas from the new Siberian pipeline, is understood to have been set by the Soviet Union a new deadline of July 1 by which to make its decision. Two previous deadlines, April 1 and May 1, passed without a decision.

The Italian Government has not ratified a January agreement between the state gas concern, Snam, and its Soviet counterpart, Soyuzgasexport, because of dissent on the issue in Sig Giovanni Spadolini's five-party coalition Government. The agreement was for the purchase of 8bn cubic metres of gas a year at the same price as that to be paid by West Germany and France.

But the Soviet "deadlines" are something of a formality, since both sides know the Soviet Union would be prepared to wait almost indefinitely in the hope of an Italian acceptance, as a time when it is under considerable economic pressure and when other European countries—notably the Netherlands and Austria—are cooling their interest in Soviet gas.

While Italy believes it needs Soviet gas, the Social Democrats and to a lesser extent the socialist parties oppose taking it, mainly on strategic grounds. They favour greater dependence on Algeria, with which Italy has yet to agree on a price for 12bn cubic metres of gas to pass through the already constructed Trans-Mediterranean pipeline.

Snam is sticking to a 1977 agreement with Algeria which would mean a price at the Italian border of $4.18 per million British thermal units (btu's). Algeria is seeking around $6 per m btu's.

The Government accepts it will have to pay a premium on the basic price in order to secure both gas supplies and Italian access to Algerian contracts, many of which have been held up by the long-running dispute. Algeria succeded earlier this year in obtaining from France a price 20 per cent more than the "market" price of gas.

The Italian Government is shortly expected to decide its position for negotiations at a Government rather than company level with Algeria.

Thailand gas venture signed

By Jonathan Sharp in Bangkok

UNION OIL of California and two Japanese partners have signed a contract to open new natural gas fields in the Thailand Gulf, a fresh step in Bangkok's efforts to reduce dependence on imported energy.

Union, the major partner, started supplying gas from the Gulf last September via the world's longest (265 miles) underwater pipeline. A 30-mile extension will be added to the pipeline in order to tap the new fields.

Union's Japanese partners in the new contract are Mitsui Oil Exploration and the Southeast Asia Petroleum Exploration company.

Electricity chief warns NCB to stay competitive

BY RAY DAFTER, ENERGY EDITOR

THE ELECTRICITY generating industry will have the capacity to burn more than 80m tonnes of coal annually until at least the turn of the century. This is in spite of the nuclear programme, and planned closure of old coal-fired plants and the advent of alternative energy projects, said Mr Fred Bonner, acting chairman of the Central Electricity Generating Board.

The combined coal-burning capacity of the CEGB and the South of Scotland Electricity Board would represent about a third of all the coal mined in Western Europe, said Mr Bonner, speaking at a conference on coal technology in London. The capacity was the same tonnage as the UK industry was burning at present.

But Mr Bonner warned the UK mining industry, and the National Coal Board in particular, that it must remain competitive.

"It would be a tragedy if the potential for future coal consumption by the CEGB was to be inhibited by an unwillingness on the part of the mining industry to recognise economic reality and the need for change," he said.

"The surest guarantee of reducing our coal burn is for the price of coal to increase at a faster rate than our customers are prepared to accept."

Mr Bonner said that through an understanding with the Coal Board, the CEGB used its "best endeavours" to burn UK coal. This understanding was causing some problems for the CEGB, especially during the present period of economic recession and lowered electricity demand.

The pressures had been increased by the NCB's practice of supplying a slightly higher grade of coal with more heat value. As a result less coal was needed to generate a given amount of electricity.

The CEGB should not become over-dependent on coal, said Mr Bonner. New nuclear plants, together with renewable sources of energy, would be needed to replace old nuclear power stations and expensive oil-fired plant as well as to meet any growth in demand.

Sir Derek Ezra, chairman of the National Coal Board, said coal production was "a high technology industry" which had "re-emerged as the nation's biggest single fuel resource with a real future."

Fluidised bed combustion was extending the market for coal. This use could increase four times to 40m tonnes a year in the next two decades. More than 30 fluidised systems were already operating in industry, agriculture and commerce. Many more were planned as companies looked at converting from oil-fired units to modern coal-burning plant.

Investment in new technology was paying off. Last year productivity at UK collieries reached record levels. The trend was continuing—in the first six weeks of this financial year productivity had risen by a further 3.3 per cent against a year ago.

TV flight details service launched

By Lynton McLain

DIRECT ACCESS to airport flight information in the office or home was launched by American Express yesterday in partnership with British Telecom's Prestel computer-controlled television information service and the British Airports Authority.

The SkyGuide service links information from Heathrow, Gatwick and Manchester to all Prestel subscribers in Britain and on the Continent.

The cost is a few pence, typically 13p a minute. Information on an individual television screen is the same as that on the large flight information boards at airports.

Mr Kenneth Baker, Minister for Industry and Information Technology, who launched SkyGuide in London, said it was "the sort of service which will be commonplace in two to three years."

Britain already had a lead in information technology and by the New Year, "we will have the largest installed base of teletext television sets, equal to the rest of the world put together."

American Express has started talks with British Rail on the possibility of a similar service for probably only the main Inter-City services.

CBS captures a heavyweight title

Duncan Campbell-Smith and David Lascelles in New York report how the network found the right 'fit' in Cassell

SIR WINSTON CHURCHILL'S wartime memoirs and his History of the English Speaking Peoples were the star performers on the publishing list of Cassell Ltd for many years along with the novels of Nicholas Monserrat, above all The Cruel Sea.

Founded in 1928, Cassell thrived on these titles for the first ten years of its life as a public company after 1949. In the 1960s, it expanded into specialist areas like medical publishing, which it entered via its acquisition in 1965 of Bailliere, Tindall and Cox, a prominent medical and veterinary book publisher.

Now Cassell has been acquired by a U.S. company intent on adding Cassell's specialist strengths to its international publishing business.

But between the late 1960s and this week's change of ownership, Cassell's story has been one of sad decline as the company struggled to mtaintain an ailing general publishing business.

It was purchased in January 1970, by the U.S. publishing house Crowell, Collier, Macmillan—which later changed its name toMacmillan Inc and has no connection with the London-based Macmillans—in a deal worth £2.23m. The price tag on this week's sale by Macmillan has been a closely guarded secret.

Some of the problems of the last decade were peculiar to Cassell—notably its celebrated legal battle in 1972 over David Irvine's The Destruction of Convoy PQ17, which left Cassell with a £25,000 libel fine and substantial costs.

Other problems it shared with the publishing industry generally—excessive overheads, unduly extended title lists, poor marketing. Cassell was losing money heavily by 1977. When publishers' sales dropped alarmingly two years later, it was forced into the first of a series of reorganisations.

Cassell's new owner is CBS, best known as the U.S. TV network that nurtured Walter Cronkite. CBS already has one UK publishing subsidiary, Holt-Saunders based in Eastbourne. Mr Robert Kiernan, Holt-Saunders's managing director, has taken charge of Cassell and believes the company may now be "close to break-even point."

CBS has been a considerable force in the publishing business, and the Cassell deal satisfies two of its goals at once: it enhances the CBS position in fast-growing foreign markets and it heightens the specialisation that CBS sees as the key to its future growth in the world of books.

Until last year, CBS was one of the leading mass paperback publishers with revenues of $510m and profits of $42m. But it was forced to cut back its paperback operations for anti-trust reasons, so it decided to pull out altogether and concentrate on a few well-selected markets instead.

Its publishing division includes a large educational unit: Holt, Rinehart and Winston (which publishes general books), Dryden Press and Saunders College, and a professiodal publishing unit consisting mainly of W. B. Saunders, a leading U.S. medical publisher.

CBS also has publishing subsidiaries in Canada, Europe, Australia and Japan, one of the largest of which is Holt-Saunders, which publishes medical and educational books.

However the growth of the U.S. market for CBS has been hampered by the decline of the school population and cutbacks in official spending on educational materials. So the company looked abroad for more business, particularly in the Third World with its huge school-age population and mass education programmes.

Cassell fitted neatly into these plans, CBS says, because it publishes similar kinds of books and enjoys the UK's special advantage in the Commonwealth.

"We had been looking for some time for the right operation," said Mr James Mirrielees, president of International Publishing. "Cassell was an excellent opportunity because it is a very good fit."

CBS and Cassell overlap as well as being a good fit, however, and theer is some apprehnsion among employees in London about redundancies, especially if Cassell is merged with Holt-Saunders.

With about 90 publishing staff, Cassell is very much leaner than it was in 1975. The industry generally has "recovered its poise after some fairly drastic remedia action" according to Mr Eric de Bellaique at Grenfell Colgrave, one of the few City analysts to follow it. Cassell's second U.S. proprietor looks likely to do better than its first.

Competition for helping elderly

THE GOVERNMENT is to run a competition for groups concerned with the well being of elderly people.

The judges will be looking for projects, within the UK, that help elderly people in ways that are new. They will be particularly interested in projects run by elderly people themselves.

The first prize will be £2,500, with three runner-up prizes of £1,000. They will be awarded towards the end of this year.

The panel has finalised the competition details and entry forms are available from Vaughan Rees, Room B1506, Department of Health and Social Security, London SE1 6BY.

Training for employed workers criticised

By Michael Dixon

PERSONNEL MANAGERS and educators were irritated yesterday by "quarter-hearted" proposals from the Education Department to improve training for employed people, from managers to shopfloor workers.

Their criticism followed announcement by Mr William Shelton, Parliamentary Under-Secretary for Education, of the plan to a 200-strong audience at a London conference of the British Association for Commercial and Industrial Education.

He said only about £2m of the £12bn education budget would be diverted to develop such training. He was deputising for Sir Keith Joseph, the Education and Science Secretary, who had been called to a Cabinet meeting.

Previously Mr Shelton had said the Government was committed totaking effective steps to provide the so-called professional, industrial and commercial updating programmes (Pickup).

Of £2m to be diverted to Pickup, from other activities, half will be absorbed in a transfer by the Open University from academic to work-related courses. The Further Education Curriculum Review and Development Unit will usesome of the rest to sponsor experiments with new programmes

Tough Manx budget cuts capital spending by £8m

FINANCIAL TIMES REPORTER

CUTS IN government spending, an end to coal and petrol subsidies and a doubling of prescription charges were the main items in the Isle of Man budget introduced to Tynwald, the island parliament, yesterday.

Hopes of a further cut in income tax, which stands at a flat rate of 20p in the pound, were dashed, however, by Dr Edgar Mann, who as chairman of the finance board is in effect the Manx Chancellor.

For the first time in many years there will be no increase in tax allowances.

The tough budget arises from the island's heavy borrowing at a time when the economy is showing no growth and unemployment has risen to record levels. Dr Mann estimated he would save £8m through cuts in capital schemes.

No local-authority houses will be started this year and a cash limit of £5m has been imposed on the Government's loan scheme for house purchases.

In addition:

- Prescription charges are doubled to 60p
- The mortgage rate goes up 1 per cent to 10 per cent
- Vehicle licence fees rise 10 per cent on June 1; taking the annual licence for a medium-size saloon to £30
- Revenue charges are to be imposed on planning applications.

The Manx Government will follow the British Government's increased rates of child benefit and retirement pensions and will also increase age benefits paid to those over 80 from 25p to £1.25p a week.

While calling for an end the British Government's power to impose exchange controls on the Island's economy, the Manx Government itself will impose strict controls on finance institutions wishing to set up businesses on the Island.

Anti-EEC judgment won by Rio Tinto subsidiary

BY A. H. HERMANN, LEGAL CORRESPONDENT

A BRITISH company yesterday secured a victory in the European Court, Luxembourg, which will be welcomed by European lawyers. The company is A M. & S. Europe, a subsidiary of the Rio Tinto-Zinc Corporation.

It succeeded, against the EEC Commission, in establishing that correspondence between a company and its legal advisers, though not its in-house lawyers, is protected by legal privilege and cannot be seized by the commission's inspector.

The court also rejected the commission's contention that, as far as such privilege exists, it should be up to its own inspectors to determnie whether a particular document deserves protection and should be excluded from the evidence used by the commission against the investigate ompany.

The case arose from investigations into a number of zinc-producing and trading companies which the commission suspected of operating a price and market-sharing cartel.

On February 20 1979 three of its inspectors arrived at the premises of A.M. & S. with an authorisation to investigate. They took away about 35 documents and left a written request for more. These were supplied, with the exception of correspondence between the company and its solicitors and between the solicitors and counsel.

Excluded also were internal memoranda to and from the in-house lawyer. The company claimed legal privilege for all these documents but offered a statutory declaration and more information through solicitors.

The commission answered by adopting a decision claiming that "Community competition legislation does not provide for any protection of legal papers." It was willing, however, to abstain from using in evidence correspondence which its own inspectors would find to concern points of law or preparation for defence.

The appeal by A.M. & S. against this decision was supported by the consultative committee of the EEC Bars and Law Societies and by the British Government. The French Government sided with the commission.

The Advocate General who was assigned to the case was Mr J-P Warner, now a British High Court judge. He concluded that all member-states protect confidences between a lawyer and his client, though they differ in approach.

Consequently he held that legal privilege must also be seen as part of Community law. It would be wrong for the commission to determine which documents deserve such protection. In his view such disputes between the commission and parties should be decided by national courts of the country where the investigation was taking place.

The court obviously did not welcome the proposal that control of these sensitive matters should go to national courts. In a search for another solution it took the unusual step of reopening oral hearings and ordering that the bench should be shown the documents for which legal privilege was claimed.

Yesterday's judgment indicates the court found that the scruitny of such documents could be carried out in Luxembourg. It adopted Mr. Warner's conclusions on the principle of legal privilege in respect of outside lawyers and said that in the case of a dispute the European court would determine whether a particular document should enjoy such protection.

The appeal was allowed and the commission's decision requiring delivery of the contested documents was annulled.

The advertisement series "Insight into Japanese Technology" will not appear tomorrow and restarts from Friday, May 21, every weekday until June 4.

Oil tax policy attack by select committee

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT'S North Sea oil tax policies were attacked by an all-party committee of MPs. The Conservative-led energy select committee said yesterday the "complex and cumbersome" tax system was endangering future exploration and production.

Supporting the oil industry's views the committee said the tax system needed a thorough overhaul. Mr Ian Lloyd (C, Havant and Waterloo), the committee chairman, said: "If we have not passed the point of real danger then we are very close indeed." The committee's attack coincides with an industry campaign for tax changes.

The UK Offshore Operators Association, supported by the Association of British Independent Oil Exploration Companies, is urging Sir Geoffrey Howe, the Chancellor, to redraft part of the Finance Act to make the proposed tax system less onerous. The trade associations are also calling for more fundamental changes in next year's Budget.

To support the industry's plea, several major operators are providing the Inland Revenue with details of the way the tax structure is affecting development of offshore oilfields.

"The tax is too high, uncertain and in some cases retrospective. Taxes should be certain, seen to be certain, and should not be varied," Mr Lloyd said.

He was commenting on the select committee's report on North Sea oil depletion policies. Committee members felt taxation was to some extent inhibiting development and acting as its own depletion mechanism.

The report says: "The way in which the fiscal régime has developed until now is important not just in itself but because it seems to us to illustrate the excessive extent to which the Treasury is influencing energy policy."

The committee said the tax system, at its current level, complexity and frequency of change, had passed the point at which its impact on development projects could be regarded as "broadly neutral."

By discouraging development, the Government ran the risk of lower production, and tax revenue, longer term.

The report said the committee accepted many uncertainties facing oil companies, including future price trends and the unknown oil reserves.

Estimates of recoverable oil reserves on the UK Continental Shelf, provided by oil companies and the Energy Department, ranged from as low as 16bn barrels, enough to last 23 years at current production rates, to 32.6bn barrels.

In view of the uncertainties there was no justification for immediate depletion measures to control the pace of production.

Instead, the committee recommended that the Government's guiding principle should be "repletion" through encouragement of exploration and development. In this way, the report said, the UK might avoid an undesirable sharp rundown in production in the 1990s and beyond.

Third Report from the Select Committee on Energy: North Sea Oil Depletion Policy: Commons Paper 337; SO £5.25.

Wool textile forum hit by industry withdrawal

By Anthony Moreton, Textiles Correspondent

THE FUTURE of the Wool Textile Economic Development Committee has been put into doubt since the decision of its industry members to withdraw from it. Yesterday's meeting in London was cancelled.

The National Economic Development Council will put its operations into suspension. The committee will meet only infrequently. In effect it has ceased to be a forum for the industry.

Mr Alan Clough, president of the Confederation of British Wool Textiles and chairman of British Mohair Spinners, was careful not to blame the withdrawal on the Government.

Heavy demands were being made on its members, he said, especially with so many consultative processes centred on Brussels.

But there is little doubt that the industry is disappointed with the Government's reaction to the industry's problems.

This is not confined to the woollen industry. Leaders of the British Textile Confederation have made sharp attacks on the Government for its refusal to support what they claim is one of the most important industries in the country.

This dissatisfaction has increased for two or three years, since the Conservatives have been in power.

The wool industry is dismayed at the way official support is given in countries such as France and Italy, yet denied in Britain.

The industry was particularly disappointed that no official response was made to the Werner Report, published in December and commissioned by the Department of Industry, showing how foreign governments aided their textile and clothing industries.

Meetings of the Little Neddy have discussed these complaints. The decision to withdraw was helped by the ease with which the industry now gains direct access to Ministers.

Telecom plans for 'wired society'

Guy de Jonquieres examines major proposals for an advanced cable network

BRITISH TELECOM has submitted to the Government proposals for a big long-term programme to equip Britain with an advanced cable network which, it says, would provide a "first-class foundation for the information technology age."

Its plan, in a confidential report to Mr Patrick Jenkin, Industry Secretary, is far wider in scope than the proposals for an expansion of cable television published recently by the Prime Minister's Information Technology Advisory Panel.

The report argues that Telecom should be the main provider of new cables systems and is likely to be interpreted widely as an attempt to ensure that Telecom plays a leading part in moves to transform Britain into a "wired society."

The Prime Minister is expected to announce a new policy to encourage the development of cable this year. It will be based on the findings of an inquiry into cable television, chaired by Lord Hunt of Tanworth, and on proposals for a further liberalisation of telecommunications being drafted by the Industry Department.

Telecom says in its report that Britain should plan to develop an integrated national network of broadband local cable systems designed to carry a range of advanced communications services as well as entertainment television.

Though much of the capacity would probably be used at first to transmit television programmes, the network must be able to accommodate many types of communications. Otherwise, "the chance to provide a major national asset may be delayed by many decades."

The report emphasises that recent progress in technology makes it possible to carry on the same broadband cable television programmes, computerised information services like Prestel, high-speed data traffic, live two-way videoconferences and conventional telephone services.

Though new broadband cable would have to be laid in stages over a number of years, Telecom expects that it will be possible to "wire up" almost every business and residence in the country with advanced services. It estimates that cabling half of Britain's urban areas would cost £3bn-£4bn.

Telecom recommends a clear separation between the organisations which would lay and manage future broadband cable systems and the franchised providers of programmes and services distributed on them.

"British Telecom considers that it is uniquely placed to play a major part as a carrier," it says. Where a programme provider required a new local system, Telecom would undertake to supply and instal it for a flat fee or rental charge.

To finance such investments, Telecom suggests that it would need more freedom from the Government's restraints on borrowing. Finance could be raised by issuing bonds for specific schemes or by entering joint ventures with partners who were not involved in producing or distributing programmes.

Though Telecom stops short of calling for exclusive rights to lay cable systems, its proposals are unlikely to be welcomed by such existing operators of cable television systems as Rediffusion and Visionhire.

As well as being wary of Telecom's commercial muscle, these companies would prefer to have the right to build the physical cable networks and to select the types of programme carried on them.

The Prime Minister's Panel's report, which broadly reflected the views of the cable television companies, recommended that the construction, operation and financing of local systems should be left to the private sector. It proposed that Telecom's role should be confined largely to providing trunk connections between regional cable systems.

Telecom and the panel agree, however, that there is no need for an elaborate new regulatory body to supervise cable television. Telecom suggests that the Industry Department should use its existing powers to oversee the technical and commercial aspects of cable.

Industry in South of England 'still well below capacity'

BY JAMES McDONALD

THERE IS little sign of any industrial recovery in London and the South-East of England, says the latest survey of manufacturing industry in the region by the London Chamber of Commerce and Industry, published yesterday.

The survey finds that the expectations of a large number of companies towards the end of last year of an imminent upturn in business were premature. Manufacturing industry is still running well below capacity, the profitability of companies has been falling over the past 12 months, and new investment plans are largely at a standstill.

There has been a slight increase, compared with the last survey in December, in the percentage of companies reporting higher orders "but a much larger rise in the percentage reporting falls," says the report.

Against this background it seems probable that unemployment will increase, particularly with the trend of new investment away from job creation towards plant replacement.

On investment plans, of the 331 companies questioned in the survey, only 30 per cent of large companies and 20 per cent of small companies are planning new investment. Moreover, only a few of these investment projects are aimed at creating new jobs.

More disturbing, says the report, is that 31 per cent of large companies planning new investment said that this would reduce jobs, although this figure fell to 8.5 per cent in the small companies sector.

The survey shows a considerable underuse of existing capacity. Asked by how much they could expand output without additional fixed capital or labour costs, about 35 per cent of large companies reported a capacity shortfall of between 10 and 20 per cent.

A further 18 per cent of companies estimated a gap of between 20 and 30 per cent. In the small companies sector, 33 per cent had capacity shortfalls of between 10 and 20 per cent.

"21st Trend Survey of Manufacturing in London and the South East," London Chamber of Commerce and Industry, 69, Cannon Street, London, EC4.

Bulk butter group wins appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE MILK Marketing Board appeared to be abusing its dominant position in the bulk butter market, in breach of the Treaty of Rome, the Court of Appeal decided yesterday.

The apparent abuse lay in the board's recen decision to restrict sales of bulk butter for export to only four of the 20 companies that have shared the market.

The court allowed an appeal by one of the 16 excluded companies, Garden Cottage Foods, against a Commercial Court judge's refusal to grant a temporary injunction requiring the board to continue dealing with the company pending full trial of the company's forthcoming legal action.

Garden Cottage Foods, which complained that the board's decision would force it out of business, had claimed that the board was in breach of Article 86 of the Treaty, dealing with fair competition.

It was the first time the English courts had been asked to give an injunction for an alleged breach of that Article.

Garden Cottage Foods was formed in May, 1980, by Mr and Mrs Christopher Bunch, of Crowborough, Sussex. Last year it handled £20m-worth of butter, 21 per cent of all UK bulk butter exports.

In March the board told the company that in future it must buy from one of the four appointed distributors. That, said Garden Cottage Foods, would make it a retailer rather than a wholesaler, and unable to compete in the market.

Mr Leonard Hoffman, QC, for the board, told the court that the decision was a commercial one, an attempt to get a better price and bigger profit on its butter.

It decided to enter into a profit-sharing arrangement with four distributors, chosen for their skill, expertise and resources.

The choice was no reflection on the other 16, said Mr Hoffman. The board was not in a dominant position. It handled only 7 per cent of the bulk butter traded in the Common Market.

Lord Denning said it was beyond all doubt that the board had a dominant position in the bulk butter market in the UK, a substantial part of the Common Market. It dealt with 100 per cent of bulk butter in this country.

Though Garden Cottage Foods had been in business only 20 months it was one of the board's 20 established customers and built up goodwill, at least with one large Dutch butter trader.

Now the board was proposing in effect to drive 16 companies out of business. That was an abuse of its dominant position.

There was much to be said for a remedy in damages, but it was not at all certain that the law afforded such a remedy. The company must be granted an injunction or it would have no remedy at all.

Lord Justice May said it was clear from similar cases in Belgium and Germany that other countries believed damages could be awarded. He and Sir Sebag Shaw agreed that an injunction should be granted.

Fidelity to sell video recorders

FIDELITY RADIO, maker of audio-equipment and televisions, is to sell video-recorders in Britain from September, the company said yesterday.

The recorders will be made in Japan by Sanyo, a licensee for the best-selling VHS format developed by JVC (Victor Company of Japan). Fidelity entered the television market in 1980, when it was in serious difficulties. Televisions now account for half its turnover.

Fidelity hopes to make video-recorders in the UK eventually. No video-recorders are made in the UK at present, though Thorn EMI, the largest UK television-maker, has plans to assemble VHS videos at its Newhaven plant.

Sanyo, which bought Philips' Lowestoft, Suffolk, television factory late last year, hinted it would make video-recorders in the UK. Its production of colour televisions, however, is not scheduled to begin until this summer. Sanyo is also a licensee of Sony's Beta format recorders.

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Unit trust funds hit £6.2bn record

BY ERIC SHORT

THE TOTAL value of unit trust funds at the end of April reached £6.2bn, the industry's highest-ever sum, according to figures released yesterday by the Unit Trust Association.

This rise of £130m on the month reflects strong net sales of units over the past 18 months and the high level of the equity market.

April sales figures show that while unit sales remain strong, unit trust holders are increasing their cash-in of units and are turning over portfolios.

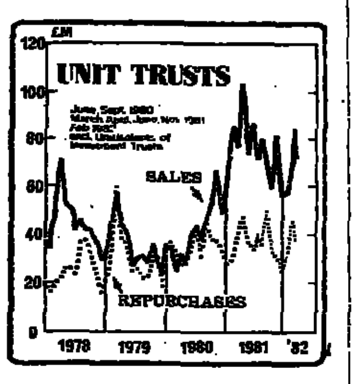
April sales declined more than £11m on the month, to £73.2m, while repurchases dropped nearly £9m, to £38.5m. This left net new investment £2.6m down only on the month, at £34.7m. This figure is, however, just more than half the net investment for April last year, when the industry experienced its best-ever sales.

Sales in the first four months of this year were £288m. This is about £67m less than in the corresponding period last year. Repurchases were more than £14m higher, at £158m. This leaves net new investment £82m lower on the period, at £129m. This is a satisfactory figure by normal standards but poor by last year's record business.

April sales figures were boosted by one new fund launched in the month, the Framlington Recovery Trust, and by two unitisations of internal life-assurance funds.

Mr Mark St Giles, Unit Trust Association chairman, was satisfied with the figures, especially compared with the corresponding period in 1980 when repurchases exceeded sales.

Investors were showing revived interest in UK specialist funds and in UK income funds.



£30,000 grant for Pankhurst appeal

AN APPEAL for funds to restore the former home of Mrs Emmeline Pankhurst in Manchester has been boosted by a £30,000 grant from the Historic Buildings Council.

The militant suffragettes' organisation, the Women's Social and Political Union, was founded at a meeting in Mrs Pankhurst's parlour in 1903. The house, 62 Nelson Street, Chorlton-on-Medlock, and its twin number 60, are Georgian villas, both Grade 2 listed buildings. They are to be restored and reopened as The Pankhurst Centre—a suffrage museum and women's centre.

The cost of the project has been estimated at £500,000 and a national appeal was launched on March 8, International Women's Day, backed by eight women MPs, Baronesses Young, Lockwood and Seear, Mrs Marie Patterson of the TUC General Council and members of the Pankhurst family.

The building is now derelict but the appeal organisers expect to start work later this year.

"With this grant and others in the pipeline we can tackle the first phase of restoration," said Ms Lorna Hempstead, project co-ordinator.

"There has been an encouraging response from members of the public, but now we hope to interest industry, commerce and the banks in making substantial donations.

"We are particularly keen on talking to companies which rely on women for their profitability, whether the women are their employees or their customers."

The appeal committee has received donations and inquiries from as far afield as Japan, Australia and the United States.

The early activities of the suffragettes were organised from the house, including the incident in 1905 when Christabel Pankhurst and Annie Kenney were sent to Strangeways Prison after disrupting a meeting at Manchester's Free Trade Hall addressed by Mr Winston Churchill.

BR reports record £72m from property

By William Cochrane

PROPERTY ACTIVITIES made a record contribution of £72m to British Railways last year. But BR accepts that its accelerated property sales programme is easing present cash flow problems at the expense of sacrificing future growth prospects.

Sir Robert Lawrence, chairman of British Rail Property Board, which administers all BR's property affairs, said yesterday in a review of 1981 that last year's income was a £4m improvement on 1980. The figure was achieved mainly through net income of £37.9m from lettings and net proceeds of £38.7m from sales.

The accelerated sales programme is making a major contribution to helping the railway with its cash-flow problems, he said, but further sales on a similar scale can be achieved only by sacrificing the long term benefits of rental growth from the ownership of these assets.

Sir Robert said that since 1977, the board had doubled its cash contribution to BR, quadrupled its property sales and increased its rental income by 1½ times. However, over the same period it had reduced the railway estate by nearly a quarter. "We sold some properties which in a different climate might have been retained for growth potential.

"We have about three good years ahead of us, including this one. After that it is going to be a diminishing exercise," he said.

The "easy" property sales, Sir Robert noted, are the ones which go most quickly.

However, he was "quite confident" that BR's property sales would rise again this year.

Statues of Brunel for Paddington and Bristol

TWO STATUES of Isambard Kingdom Brunel, the Victorian engineer who built the Great Western Railway and Paddington and Bristol's Temple Meads stations will be unveiled on May 26—one in London and one at Bristol.

Both are bronze, larger than life sculptures by Mr John Doubleday, and were commissioned by Bristol and West Building Society. They have been cast at the Art Bronze Foundry in Fulham, London.

Mr Doubleday was also responsible for the statue of Charlie Chaplin in Leicester Square, London.

The statue at Paddington of a seated Brunel, will be on the concourse area called the "lawn" between the platforms and the main entrance. It will be unveiled by the Lord Mayor of Westminster, Councillor Thomas Whipham.

The Paddington celebrations will include Victorian music by the Royal Artillery band.

The Bristol statue will stand outside a newly-completed extension to the Society's head office at Broadquay. It will face the waterfront.

Datsun protests about 'distortion' of Japanese car import figures

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE political maneouvring within the UK motor industry before next week's meeting with the Japanese Automobile Manufacturers Association has sparked off a protest by Datsun UK, the major importer of Japanese cars.

Datsun has protested to the UK Society of Motor Manufacturers and Traders that the society has encouraged figures to be published which give a distorted picture of the current position of the Japanese in the British car market.

The row has blown up because some UK manufacturers have said they are worried about the build up of stocks of Japanese cars in Britain.

They pointed out that car shipments from Japan to the UK totalled 90,000 in the January-April period this year, whereas sales reached only 53,500.

In a formal protest to the society, Datsun said that cars shipped from Japan in April will not be available for sale in the UK until June, by which time another 20,000 to 30,000 Japanese cars will have been registered—thus bringing the shipment and sales figures much more into balance.

Datsun maintains that the Japanese car importers' stocks were extremely low at the beginning of 1982 because shipments were halted towards the end of 1981.

"The situation of the Japanese importers is certainly worse than at this time last year," Datsun said yesterday.

The Japanese market share was down from 11.37 per cent to 9.71 per cent at the end of April and well within the targeted 10 to 11 per cent for the year.

The 13th meeting between representatives of the UK and Japanese industries is to take place in Tokyo on May 26 and 27 and the main message from the British will be that the forecast of new car sales in 1982 has been reduced recently from 1.52m to 1.55m down to 1.48m.

However, the society's prediction about light commercial sales has been improved to 178,000 for the year against the January forecast of 170,000 to 175,000.

The British understanding of the Japanese voluntary restraint is that this year the Japanese will keep both car and light commercial sales within 11 per cent of their respective markets.

Royal Automobile Club raises membership fee

FINANCIAL TIMES REPORTER

THE Royal Automobile Club, which has launched a drive to attract members, has held this year's increase in its basic membership fee to less than 3 per cent. The fee will rise by 5p to £17.50.

The club is also to follow its rival, the Automobile Association, in operating a breakdown service to allow members to receive aid at home. The additional fee for this will be £5.50 a year.

The basic fee will for the first time provide help for drivers stranded because their cars have been damaged by vandals.

Mr Eric Charles, chief executive of RAC Motoring Services, said yesterday: "A driver whose car is immobilised by vandals is stranded just as much as one whose car breaks down through a mechanical fault."

The club is including caravans and trailers in its recovery service at no extra cost.

It is to spend about £1m on national advertising, in an attempt to boost its 2m membership closer to the 5.3m AA membership figure.

● Motorists in some areas could soon be confronted with parking meters which take plastic cards instead of 10p pieces. One of the meters was displayed yesterday at a Design Council exhibition in London of high technology development.

Negotiations are proceeding for their use in a pilot scheme in certain local authorities, among them possibly Westminster.

The meter works on a system similar to British Telecom's cardphone telephones.

Bedford passes 1 500,000 export milestone

THE 1,500,000th Bedford commercial to be exported was driven from the production line yesterday, at a ceremony matched by Mr Norman Lamont, Industry Minister.

The ceremony emphasised that General Motors is determined its UK subsidiary plays a major role in its future commercial vehicle programme.

In the past 10 years Bedford's total export earnings have topped £1.2bn. The truck which emerged from the production line at Dunstable, Bedfordshire, yesterday was one of 60 Bedford TM four-wheel-drive vehicles on its way to Abu Dhabi as part of a £2m deal.

Anglo American Coal Corporation Limited

(Incorporated in the Republic of South Africa)

STATUTORY INTERIM REPORT FOR THE TWELVE MONTHS ENDED DECEMBER 31 1981, GROUP RESULTS FOR THE FIFTEEN MONTHS ENDED MARCH 31 1982, AND DECLARATION OF FINAL DIVIDEND.

	Fifteen months ended 31.3.1982 R000	Twelve months ended 31.12.1981 R000	Twelve months ended 31.12.1980 R000
Turnover	802 684	634 595	465 462
Profit before amortisation, depreciation and taxation	258 006	201 510	127 392
Deduct:			
Amortisation of mining assets	14 815	12 102	—
Depreciation of refractory assets	4 672	3 703	3 318
	19 487	15 805	3 318
Profit before taxation	238 519	185 705	124 074
Deduct:			
Taxation—South African normal	53 281	41 382	15 768
—Equalisation	—	24 739	22 529
—Deferred	44 349	1 843	471
	97 630	67 964	38 768
Profit after taxation	140 889	117 741	85 306
Deduct: Profit attributable to outside shareholders in subsidiary companies	9 638	8 207	6 219
Profit attributable to shareholders of Amcoal	131 251	109 534	79 087
Dividends declared:			
No. 116 of 25 cents per share declared May 12 1981	6 110	6 110	—
No. 117 of 46 cents per share declared November 10 1981	11 242	11 242	8 457
No. 118 of 95 cents per share declared May 18 1982	23 218	—	17 597
	40 570	17 352	26 054
Number of shares in issue	24 439 890	24 439 890	23 491 438
Earnings per share (cents)	537.0	448.2	336.70
First interim dividend per share (cents)	25.0	25.0	36.0
Second interim dividend per share (cents)	46.0	46.0	—
	71.0	71.0	36.0
Final dividend per share (cents)	95.0	—	72.0
	166.0	71.0	108.0
Dividend cover	3.24	—	3.12
Net expenditure on fixed and mining assets	86 664	60 186	46 781

COMMENTS

1. The profit attributable to shareholders of Amcoal of R131 251 000 for the fifteen months to March 31 1982 represents an increase of 32.8% on an annualised basis over the 1980 earnings of R79 087 000. This result was achieved after the introduction of the policy of amortisation of mining assets and after changing from tax equalisation of the allowances arising from major capital expenditure programmes only to one of deferred taxation covering all the Group's coal mining assets.
   In order to make the profit attributable to shareholders in Amcoal for the fifteen months to March 31 1982 directly comparable with those for 1980 the provision for amortisation of mining assets must be added back and this results in an annualised earnings increase of 47.8%.
   Amcoal's earnings per share on the increased number of shares resulting from the acquisition of Natal Anthracite Colliery Limited were 537.0 cents, an annualised increase of 27.6% over the 336.7 cents per share earned in 1980. When the provision for amortisation of mining assets is added back to the results for the fifteen months the annualised increase in earnings per share becomes 42.0%.
2. The total value of the Group's capital expenditure programme, including the new collieries to supply coal for the 3 600 MW Tutuka, Lethabo and new station "E" power stations and for the Goedehoop colliery to supply coal required for Amcoal's Phase III export entitlement is forecast to amount to R1 853 million in December 1981 money values, of which Amcoal's investment would be R1 363 million.
3. The annual report will be posted to members on or about June 17 1982.

DIVIDEND NO. 118

Dividend No. 118 of 95 cents per share (1980: 72 cents per share), being the final dividend for the fifteen months ended March 31 1982 has been declared payable on July 16 1982 to members registered in the books of the company at the close of business on June 11 1982. This dividend, together with the interim dividends Nos. 116 and 117 of 25 cents per share and 46 cents per share declared on May 12 1981 and November 10 1981, respectively, makes a total of 166 cents per share (1980: 108 cents per share).

The transfer registers and registers of members will be closed from June 12 to 27 1982, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about July 15 1982. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on June 14 1982 of the rand value of their dividends, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency provided that the request is received at the offices of the company's Transfer Secretaries in Johannesburg or the United Kingdom on or before June 11 1982. The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's Transfer Secretaries in Johannesburg and the United Kingdom.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: A. H. J. Millenaar
Divisional Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
(PO Box 61051 Marshalltown 2107)
and
Charter Consolidated P.L.C.
PO Box 102, Charter House
Park Street, Ashford
Kent TN24 8EQ

Registered Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
London EC1P 1AJ

May 19 1982

UK NEWS — LABOUR

Strike plea to seamen against Tebbit Bill

By Brian Groom, Labour Staff

MR JIM SLATER, general secretary of the Natinoal Union of Seamen, is pressing for seamen, transport workers and miners to stage an all-out strike to prevent Mr Norman Tebbit's proposed employment law being implemented

The stoppage would begin on the day the Bill became law, or the day before "I have had a positive response *from some of my colleagues* on the TUC general council," Mr Slater said yesterday.

His plan goes beyond the TUC's strategy. This empowers the general council to co-ordinate action in support of a union, but does not specify strike plans

Although some union leaders have suggested the possibility of a "national strike," the firmest proposal has been the General and Municipal Workers Union's idea of strikes across an industry if the law is used against the union.

Mr Slater made it clear he was not talking about a general strike. He did not want groups such as nurses and doctors to take part, although sympathetic industrial groups might join in.

"If the seamen and the miners and all transport *workers decided, if we believe* what we say and if the movement believe what we say, then this law would collapse." he told the NUS biannual general meeting in Tenby, South Wales

"*Unless* we want to be killed we should be saving on the day the Bill becomes law there will be no ships sailing, there will be no transport, there will be no coal dug."

Later asked if he would be prepared to see a strike without a general council majority for it, Mr Slater said he would not "betray" his council colleagues. Some other plan might emarge before the *time arrived*.

But, he made it clear to delegates, that he considered it useless to try to educate people on how to protect themselves against the law.

It is something of a *turnaround for the NUS to be in* the forefront of united militancy against the Tebbit Bill. The union was expelled from the TUC for registering under the 1971 Industrial Relations Act to achieve an approved closed shop.

Civil Service unions may resume group bargaining

BY JOHN LLOYD, LABOUR EDITOR

CIVIL SERVICE union leaders expect the next round of pay *negotiations to fragment into* group bargaining, ending the centralised approach of the past two years.

They accept that this will reflect the Government's preference for market forces to prevail within these negotiations, with some groups possessing a scarcity value able to bargain above a given cash limit, while others fall below it.

They also believe that there *will be no time to construct any* kind of comparability index—which matches civil service pay with equivalent private sector jobs—in time for next year's negotiations, which begin early in 1983.

No progress on such a system could be made until after the inquiry into civil service pay chaired by Sir John Megaw reports in the summer.

Mr William Kendall, the secretary general of the Council of Civil Service Unions, in Bournemouth for the annual conference of the Institution of *Professional Civil Servants*, said yesterday: "It is not possible to have a new negotiation system for 1983. There will be a year of acute difficulty."

Mr William McCall, general secretary of the IPCS, said he believed that the next year would see bargaining on a group by group basis. Mr McCall, whose conference yesterday carried a motion *calling for immediate action to* resolve "compressed and inverted differentials," is likely to advance claims for increases for his worst affected groups soon after Megaw reports.

It is possible, but unlikely, that the unions could secure a commitment from the Government to allow claims to go through arbitration. In the longer term, the unions might be prepared to accept arbitration coupled with "parliamentary override."

The unions woul dseek to have the arbitration's finding go to either the Treasury Select Committee or to the Privy Council rather than—as would have been the case this year—to the House of Commons.

The difficulty for the unions is only partly due to the hiatus caused by last year's industrial action and by the workings of the Megaw inquiry.

Decisions by the conferences of the Civil and Public Services Association and the Inland Revenue Staff Federation to seek flat rate increases—benefiting their largely low-paid membership—are in contrast to the percentage increase policies of the Society of Civil and Public Servants and the IPCS.

A possible compromise—to incorporate a fixed-sum minimum increase for all with a percentage increase on top—was effectively destroyed yesterday when the IPCS conference voted down a motion calling for such a policy.

Firemen may press for action

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FIREMEN'S representatives will be asked to back a call for *a series of national one-day* strikes if disciplinary action is taken against Fire Brigades Union members who take part in possible industrial action from the end of this month.

The annual conference of the FBU, which opens in Bridlington today, will consider a 17-point plan of industrial action proposed by the FBU executive over a dispute with another union on staff representation.

The executive proposes that *industrial action should start* from Monday, May 31, if the dispute with the non-TUC National Association of Fire Officers is not resolved in the FBU's favour.

The industrial action would include:

- An "emergency call only" routine by all duty crews.
- Working to rule over such areas as fire engine manning requirements, which could slow down crews' response to calls.
- Official reports, including Home Office statistical material should not be completed on fires.
- Fire prevention officers should carry out inspection of premises only where there is a legal requirement to do so.
- *All training and staff other* than new recruits should be halted.
- The drilling of part-time retained fire fighters should be restricted.

To reinforce this, the executive's *statement* to the conference says that if any fire authority docks pay from members "as a result of participating in industrial action then the executive council is to institute a series of national one-day strikes."

The dispute between the FBU and Nafo is over representing Britain's 5,000 fire officers.

The FBU claims to represent more than half the officers in post. But its proposal to increase its *representation on* the employees' side of the officers' negotiating body, giving an equal seven seats with Nafo has been rejected.

Aslef chief predicts rostering rejection

THE TRAIN drivers' union annual conference is certain to reject the McCarthy tribunal findings in favour of flexible rostering according to Mr Derrick Fullick, union president, writes David Goodhart.

In a hard-line speech opening the Associated Society of Locomotive Engineers and Firemen's conference, Mr Fullick also threatened civil disobedience in the fight againstt he new employment legislation.

There was no *hint* of compromise with the Government or the British Rail Board in his address to the 46 delegates and Mr Fullick said any attempt to impose flexible rostering would almost definitely cause further strike action.

Despite the 13 safeguards proposed by McCarthy — including a local union veto — Aslef would not *relinquish* the eight-hour day. The tribunal findings were based on Government policy. "Any executive member who even thought of accepting the findings would very soon find himself back driving trains," he said.

Miners promise to support health workers over pay

BY IVO DAWNAY, LABOUR STAFF

MR ARTHUR SCARGILL, president of the National Union of Mineworkers, yesterday pledged active support for the National Union of Public Employees and other National *Health Service unions on* the eve of their 24-hour pay strike.

After talks with Mr Rodney Bickerstaff, Nupe general secretary designate, Mr Scargill said that he would instruct his officers to enter talks at local level with Nupe officials on a programme of action and assistance.

Mr. Moss Evans, general secretary of the Transport and General Workers Union, also promised to throw his weight behind the campaign

TGWU members would be instructed not to cross picket lines and to take part in demonstrations backing the National Health Service unions, he said.

The growing support for NHS workers follows an appeal by Nupe to Mr Len Murray, the TUC general secretary, requesting a united front of "moral or actual" support from all affiliated unions.

South Wales miners are balloting on a one-day stoppage in sympathy with the NHS workers' case for an improvement in the Government's 4 to 6.4 per cent offer.

Mr Norman Fowler, the Social Services Secretary, yesterday issued a fresh appeal to NHS staff not to take industrial action. Mr Fowler said that the Government was now spending £12bn a year in England on the NHS—a 6 per cent real increase in funding since 1979.

Last-minute preparations for today's 24-hour strike continued last night with NHS unions predicting massive backing for the action.

Vauxhall plant to consider jobs cut plan

By Kenneth Gooding, Motor Industry Correspondent

THERE IS to be a mass meeting of production workers at Vauxhall's Ellesmere Port plant on Merseyside today to consider the company's latest proposals, which include a further 300 redundancies.

Vauxhall, a *General Motors* subsidiary, told the unions it wants to resume full-time working at the plant, which has been on a four-day week for 18 months.

This could be achieved by another 300 redundancies at Ellesmere Port where 2,900 production jobs have gone since the beginning of 1981, reducing the hourly-paid workforce by 38 per cent to *4,700*.

Vauxhall would also step up production—by an unspecified amount—of the Chevette and Astra cars made there.

The proposed plan would be implemented by the summer break at the end of July. It also envisages that the current "loan" of 170 Ellesmere Port employees to Vauxhall's Luton plant would continue.

Barclays staff may vote on Saturday trade

By Our Labour Staff

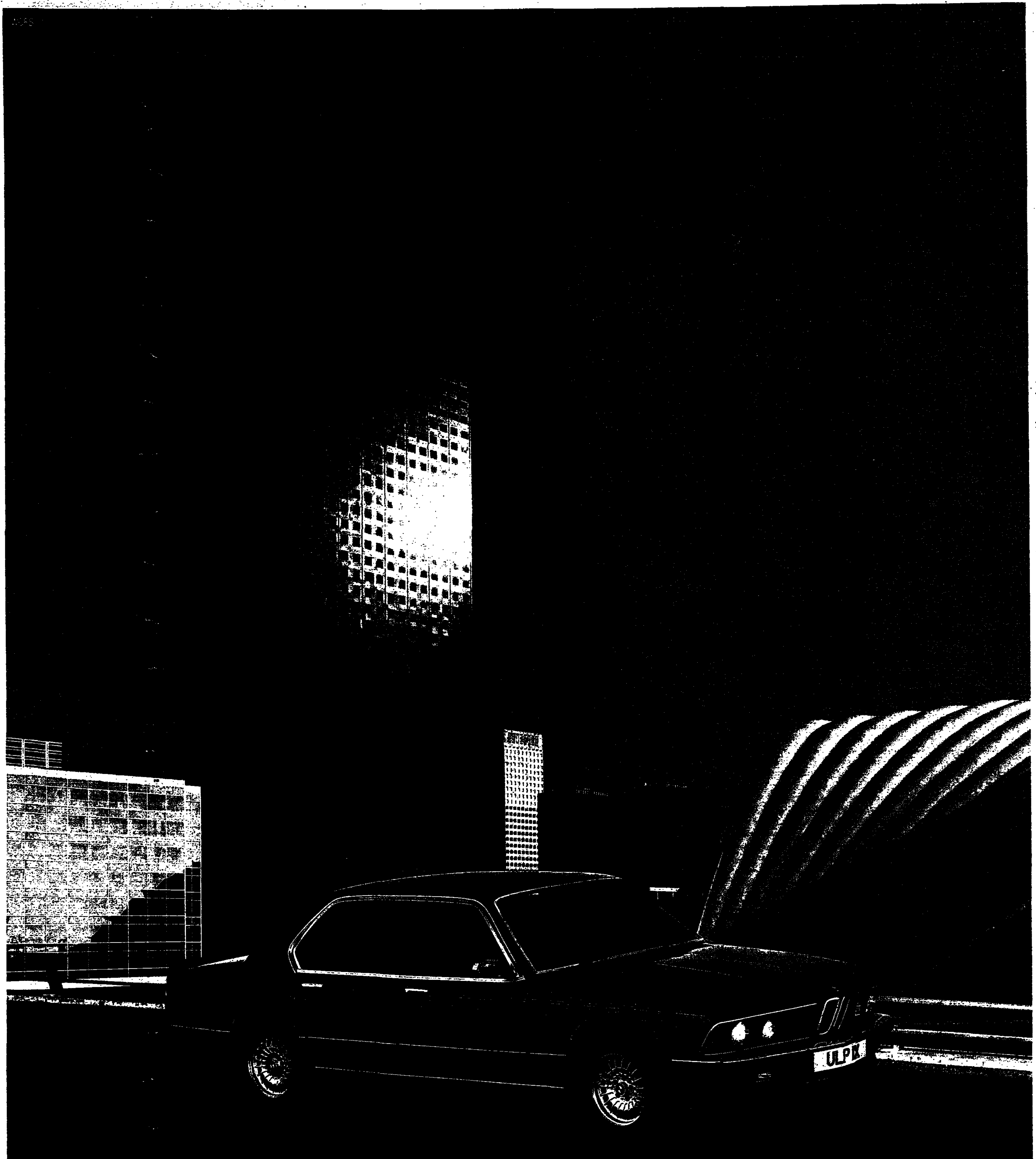
THE EXECUTIVE of the Barclays Group Staff Union, which represents 40,000 Barclays staff, *has confirmed its* opposition to the bank's plans to open 400 branches on Saturday mornings. But it said last night it would consult its members and would still be open to discussion with the bank.

The union will now have to decide whether to ballot all members, or just consult through regional committees, on what action to take.

Mr Eddie Gale, general secretary of BGSU, also said that the payment the bank has suggested for Saturday work was totally inadequate. The pay levels are £18 for cashiers, £24 for personal customer services staff, *and £30 supervisory staff*.

Barclays says it will have no difficulty in finding volunteers.

The executive of the rival TUC-affiliated Banking, Insurance and Finance Union, which represents another 15,000 Barclays staff, will meet on May 26 but an informal preliminary meeting has revealed wide differences between Barclays management and BIFU leaders. Both unions were angry at not being consulted before a decision was made public.



NOBODY MAKES A BAD LUXURY CAR. SOME MERELY MAKE DULL ONES.

BMW are the first to acknowledge that most large luxury saloons are exceptional.

Differences, where they exist, are far less about engineering standards than about engineering priorities.

And it's BMW's priority to create a vehicle whose sumptuous furnishings don't isolate you from the actual sensation of driving.

Nor, in the sheer pursuit of performance, do BMW rely on an oversized engine that drinks petrol faster than the North Sea can produce it.

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Of course, as the BMW 735i Special Equipment amply demonstrates, you should expect all the room and comfort money can buy.

Of course, you should have the option of seats sewn from the finest leather hides.

Of course, you should be transported swiftly and serenely without engine or wind noise to disturb your calm reflections.

But a luxury car shouldn't only be enjoyable to sit in.

It should be enjoyable to drive.

And that means more than having a road version of BMW's racing 3.5 litre engine to spirit you from 0 to 60 mph in 7.3 seconds. (Source: Motor).

It also means having a power steering system that lets you feel the road while you're driving. Yet gives you all the assistance you need when you're parking.

It means having a computer-controlled braking system that in an emergency lets you steer and brake at the same time.

It even means having instruments that give you more information about your progress than any other luxury car can give you.

What do you have to pay for such excellence? As little as £13,765 for the BMW 728i. Or as much as £22,358 for the 735i Special Equipment.

But since a leading motor magazine this year placed a BMW 7 Series ahead of a car costing £52,000, it could be excused one dull virtue.

Value for money.

THE ULTIMATE DRIVING MACHINE

THE BMW 728i: £13,765. BMW 732i: £15,485. BMW 735i: £17,795. BMW 735i SPECIAL EQUIPMENT £22,358. PRICES CORRECT AT TIME OF GOING TO PRESS. INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE INCORPORATING BMW EMERGENCY SERVICE AND INITIAL SERVICES £160 + VAT. THE BMW 735i SPECIAL EQUIPMENT FEATURED ABOVE IS FITTED WITH FRONT AND REAR SPOILERS, AVAILABLE AS BMW ACCESSORIES.

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TECHNOLOGY

EDITED BY ALAN CANE

India programmes for the future

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

INDIA is beginning to make a mark in various parts of the world as a potentially major exporter of computer software. Its total business has expanded in the past few years, growing according to one company estimate from virtually nothing in 1974 to £6m-£8m last year.

While a country like the UK is said to be short of 20,000 to 40,000 software experts, India has a ready supply of personnel with the aptitude and some of the skills to do software writing. It can cut European labour costs by up to 70 per cent.

Competition

As a result, the UK and other countries which regard themselves as major sources of software could face a significant new competitor, particularly if India's own electronics industry grows sufficiently to give its software houses a springboard from which to expand overseas.

Until now two companies in the country's giant Tata group —Tata Consultancy Services and Tata Burroughs — have accounted for as much as 80 per cent of India's output.

But there are also another 20 companies involved, and other large industrial groups are expected to move in.

Among smaller businesses there is Systime Computer Systems, a subsidiary of Systime of the UK, which is partially owned by the National Enterprise Board.

At the other end of the scale, the Government-owned Computer Maintenance Corporation (whose former managing director Dr P. P. Gupta is now permanent secretary of the Department of Electronics) is taking an interest.

International Computers Indian Manufacture, an associate company of ICL of the UK, is also considering diversifying from its traditional computer manufacturing operation and sees considerable initial potential in writing programs designed elsewhere.

The other companies include Datamatics, Computronics, Construct Software and International Data. Some of them are represented by the Indian Engineering Export Promotion Council which is visiting the UK and other European countries next week on a sales drive.

The attraction for such companies is that software writing is not capital intensive and has a comparatively high potential ratio of exports to imports, so making it relatively easy to escape many of the bureaucratic controls that impede industrial development in India.

Indians show considerable aptitude for software writing and mathematically astute graduates in science and engineering are readily available.

"You advertise for 10 people and you can pick from 1,000 graduates, 800 of them in engineering" says Mr Ramesh K. Verma, head of Systime India. "So you get the cream in India, unlike, say Singapore, where most programmers are not graduates and do not have the same problem-solving aptitude"

Because of cheap labour rates a graduate programmer with three years' experience can be paid less than £2,000 a year compared with salaries considerably in excess of £7,000-£8,000 in the UK, making a saving of about 70 per cent. But increased communication problems and costs reduce the advantages.

Systime reckons that the net saving is about 30 per cent, a figure that should grow as expertise increases.

Lack of experience is the major drawback at present. Basic program analysis usually has to be done elsewhere because the Indians have little experience on advanced hardware, which is installed in few companies at present.

Most of India's technology is five or more years behind the UK. It is held back by the country's traditional policy of self-sufficiency which the Department of Electronics uses rigorously to restrict the flow of the imports of goods and capital, even thought these are essential for the development of an industry like electronics.

Mr Ramesh K. Verma, head of Systime's subsidiary in Bombay

"India has a huge credibility gap because of lack of experience on advanced systems which means that few people can write good data base programs," says one international computer executive.

But export and import restrictions are being relaxed a little along with other controls and a new overall policy on electronics being thrashed out by the Government may speed developments. Some senior Indian civil servants recognise that their policies have made the country fall too far behind in electronics.

Most of the software companies are located in Bombay and several have set up in the Government's customs-free Santa Cruz Electronics Export Processing Zone (SEEPZ) where most of India's restrictions on foreign investment and imports do not apply.

The zone was created in 1974 and, apart from software writing, has been something of a disappointment because it has not *managed to attract* any significant high technologies. Multinational companies have tended to prefer customs free zones in other countries like Singapore, Taiwan and Ceylon, and have generally only invested in SEEPZ to tap some particular Indian source—films for video cassettes for example.

Tata Consultancy Services was set up in 1968 and was the Burroughs distributor before the joint Tata Burroughs company was set up in 1978. It has about 500 software employees, mainly working for Indian customers.

Tata Burroughs has about 250 professional staff. Some 55 to 60 per cent of its businesses is software writing. Of the remainder, 35 per cent is manufacturing a Burroughs dot matrix printer which is only operating at half capacity and is under review.

The final 5 per cent is the import of Burrougns machines into India—a graphic illustration of the slow rate of Indian computer purchasing.

Growth

Its software business grew 80 per cent annually from 1978 to a total of £2.6m in 1981. Some 75 per cent of this is for Burroughs international activities.

Burroughs often specifies software writing in India as part of its bid for hardware contracts. Clients include The World Bank, Ford Motor, and Diners Club.

Systime was set up when Dr Verma, who was working for the company in the UK, wanted to return to India some three years ago. He believed that UK software writing quality was deteriorating because of a shortage of qualified people and saw the Indian potential.

The company is 95 per cent owned by Systime and 5 per cent by Dr. Verma (it escapes foreign investment restrictions by operating in SEEPZ). It employs 40 people—about 15 per cent of the group's total programming staff.

Last year it had a turnover of £200,000, all exports to its parent company. It hopes soon to land its first two export orders for outside customers and Dr Verma wants to expand this to 50 per cent of its business in the next three years.

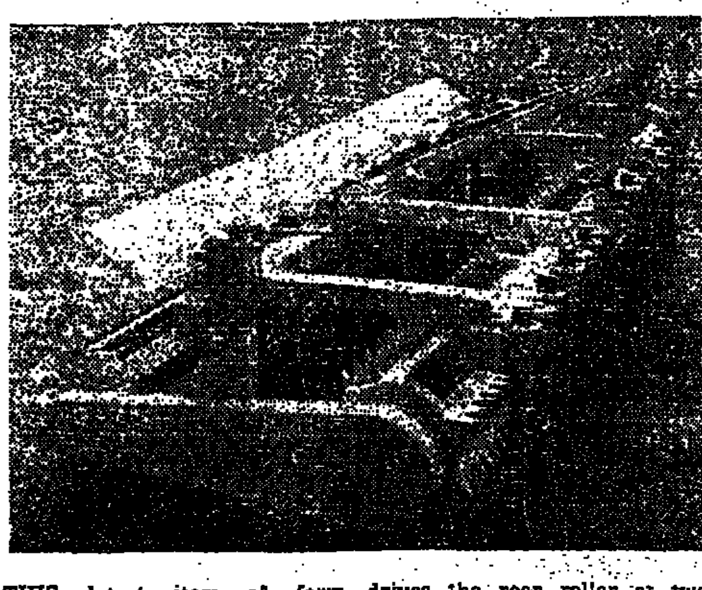
Initial moves

ICIM is considering making its first moves into software. Unlike some companies which concentrate on "body shopping" (sending Indians to write software on contract overseas) ICIM wants to obtain work abroad to be carried out in India.

As a preliminary step, it has written test programs for circuit boards it manufactures at its factory in Poona to prove its capability both to itself and to ICL, *which effectively* controls its policies from London.

Clearly, India has a considerable way to go before it can offer full software programming *services. But its pool of skills* and its cheap labour have enabled it to compete successfully for the past three years or so in the U.S., Europe and the Middle East.

Now, it could become a major competitor at a time when software labour costs are accounting for a growing proportion of computer prices.



THIS latest item of farm equipment developed by SKH of Market Drayton, Shropshire, has been designed for working down seed beds from ploughed land and can also be used for working direct on to stubble in the Autumn.

The Crumbler will, it is claimed produce a seed bed in one pass in most soils for Spring cultivation. It consists of a spiked helical front roller which drives the rear roller at two and a half times the speed. Two sets of tines are adjustable for depth of work.

Recommended operating speed is between four and seven mph. At present the Crumbler is available in only a three metre working width but the company plans to introduce other sizes. Price is £1,895 with alternative tines at £264 per set. More on 0630 3501.

Compucorp has LAN

IN COMMON with many other microprocessor and word processor companies, Compucorp, the Santa Monica based corporation, has come to market with its own version of the local area network or LAN.

Called Omeganet, the system is a terminated bus with no branches, employing coaxial cable that can easily be installed in cavity walls and ducts.

Connections to the cable are by means of a junction box and drop cable attached to the workstation by means of a simple "T" connector. Speed of the network is up to 10 megabits/second.

Each of these networks can have from two to 16 workstations, one or all of which might contain mass storage while the others are basically screens and keyboards that can access that storage.

This baseband LAN, however, can be connected to a number of others to provide a maximum of 255 workstations.

Future expansion plans involve the provision of "gateways" both to other proprietary local networks and to wide area PTT networks.

Any station is upgradable with disc to act as a file processor and can also become a controller to download software to a newly introduced workstation, type 745, which has no local storage and has been designed *specifically for networking* operations. More on 01-952 7860.

Sorting packages

INTRODUCED BY Sovex Marshall from Italy is a high speed conveyor-based sorting system that can deal with up to 10,000 packages per hour and is aimed at post offices and direct mail warehouses—or wherever items that vary in weight, volume and dimensions are involved.

Items are pushed at 90 deg off the conveyor at the required discharge points by means of instructions from a microprocessor, itself fed with data from laser scanner, voice encoder or keyboard.

One of the three systems is used at the feed-in points, where a check is made on the destination information appearing in any one of number of forms on the items to be sorted.

For high throughput installations, the items can be oriented automatically for laser scanning, although below certain capacity levels this can also be done manually.

At a typical installation in Milan, the conveyor is 30 metres long, incorporates 102 sorting destinations, operates at 4,500 packages per hour and has a potential capacity of 6,000 per hour. More on 0602-249271.

Centre for practical CAD work

A CENTRE to provide practical experience of computer aided design and manufacture (CAD and CAM) for engineering firms in the north of England has been established at the headquarters of the British Ship Research Association in Wallsend.

Sponsored by the DoI, the centre will offer a complete introduction to the subject without commitment by users. Half day practical demonstrations are given by arrangement while in-depth courses are provided for design managers and production executives.

Designers and draughtsmen can have "hands-on" experience and the equipment is made available at special hourly rates to allow those interested to gain experience and make an initial assessment. More on 0623 625242.

High-speed converter

A *HIGH* speed 12 bit analogue to digital converter with a conversion time of five microseconds has been introduced by Teledyne Philbrick.

It is intended for applications such as high accuracy data acquisition, wave force analysis and medical instrumentation. Further details on 01-897 2501.

Logging system for telephones

PUT ON the market by Norex Systems of Marlow, Bucks (06284 74511) is a telephone call logging system that can be connected straight into the data port of British Telecom's Monarch and Regent private branch exchanges (and into the Herald when that exchange becomes equipped with a V24 *port later this year*).

Many kinds of traffic data can be monitored and presented in printed reports, including calls to a specified number, from a specified number, all calls, or selected groups of calls. Known as the Countess, the machine *costs* £3,850.

A less sophisticated system, the Call Check, costs £875 and it provides basic call details such as extension number, dialled number, time of day, duration of call and number of units used.

Saving fuel by cutting air drag

IT HAS been known by aeronautical engineers for some time that if the turbulence that inevitably occurs on a normal aircraft wing could be reduced, then drag would be reduced also, cutting the aircraft's fuel consumption by a surprising amount.

One method of reducing the drag is to perforate the wing with millions of very small holes—obviously a very expensive process if mechanical methods are used.

At McDonnel Douglas, Long Beach, California, engineers are experimenting with a thin sheet of titanium as the wing surface, using an electron beam to perforate the metal with holes of 0.0025 inch diameter spaced apart by a mere 0.025 inch. The result is 1,600 holes per square inch.

Wing design

The Douglas wing design uses suction pumps to draw a *small fraction of the boundary* layer air through the holes into ducting within the wing. This prevents the smooth laminar flow from becoming turbulent.

Parallel work is aimed at keeping the wing clean, since even small insect marks higher than 0.004 inch can destroy the flow.

The problem has been overcome by means of a retractable shield that is deployed in front of the wing during take-off, climb, descent and landing. The shield also acts as a high lift device. In case some contaminant should get past the shield, a system has been developed that sprays a liquid film over the wing to prevent adhesion of foreign matter.

Bonding

There is other new technology in the wing. For example, the titanium is not rivetted to the metal structure but is bonded to a corrugated non-metallic sub-structure which also acts as the ducting for the air sucked in through the *micro-holes*.

The company says that in a wide-cabin long range aircraft, laminar flow on the upper wing surface results in 20 per cent less fuel consumption in relation to the most efficient craft that could be designed today using conventional techniques. Compared with the wide-bodied jets flying today, the saving could be as much as 40 per cent.

GEOFFREY CHARLISH

ENERGY REVIEW

FLAGS signals a small boost for North Sea gas-gathering plans

BY SUE CAMERON, CHEMICALS CORRESPONDENT

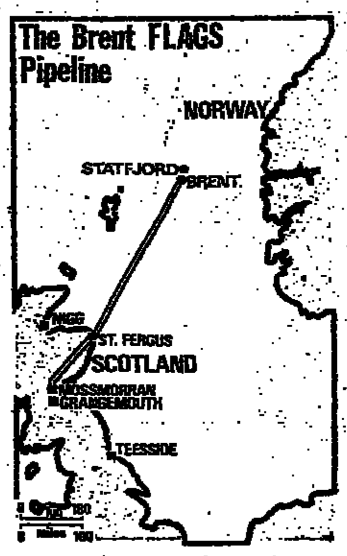
NORTH WEST EUROPE'S chances of using North Sea gas to give its flagging petrochemical industry a much needed shot in the arm, have just received a small boost.

Shell and Esso have finally started commissioning their £1bn Brent field gas gathering pipeline. And some of the gas coming through the line will eventually be used as raw material at the 500,000 tonnes a year petrochemicals plant now being built at Mossmorran in Fife.

But the completion of the Brent FLAGS line—Far North Liquids and Associated Gas System—marks only a small step forward when set against the grandiose schemes that were once envisaged. On both sides of the North Sea there were hopes of using gas on a massive scale to make petrochemicals. Today some of those plans have been permanently shelved. And those that have survived, albeit in a modified form, are beset with difficulties.

It is now eight months since the UK's proposals for a £2.7bn offshore gas gathering system were abandoned because of insoluble problems over finance. Had it gone ahead, it could have brought ethane gas feedstock to existing petrochemical plants at Grangemouth in Scotland and at Wilton in North East England; some of the gas could eventually have been used at the Mossmoran plant that is now going up; and the scheme might even have justified the building of a second new chemicals complex at Nigg Bay on the Cromarty Firth.

But the collapse of the ambitious gas gathering project did not end all prospect of the UK petrochemical industry switching from oil based raw materials to gas feedstocks. Not only was the Mossmoran scheme still going ahead but BP Chemicals announced that it still wanted to modify its Grangemouth plant so that it could run at least partly on gas feedstock.



Graham Lever

Deep trench

Meanwhile Norway was pushing ahead with plans to build a gas gathering system of her own—despite all the technical difficulties of putting pipelines across the deep trench in the seabed that runs round the Norwegian coast. And one of the things the Norwegians wanted to do was bring ashore gas to feed their petrochemicals complex at Bamble.

But now both the Grangemouth and the Bamble schemes appear to be running into trouble. And in both cases the root cause of the problem is the question mark that hangs over the price to be charged for gas feedstock.

It was the failure to agree on ethane gas prices that was one of the crucial factors leading to the abandoning of the UK's original gas gathering scheme.

The root of the problem is that there is no commonly agreed market rate for ethane —either in Norway or the UK. Ethane, unlike other gas liquids such as propane and butane, is not easily transportable except by pipeline and therefore it is not internationally traded. And in contrast to the U.S., where ethane is widely used for making ethylene, the so-called building block of the petrochemical industry, nearly all Western Europe's chemical producers still rely heavily on oil-based feedstocks.

The alternative to using ethane for making petrochemicals is to add it to the natural methane gas that provide heat and power in homes, offices and factories.

But this alternative use does not provide an adequate reference price for ethane as a petrochemical feedstock. Chemical companies argue fiercely that it should be cheaper than methane when it is being used to make petrochemicals. They claim it is not worthwhile to use it as a feedstock if it is as expensive as methane.

The net result is that negotiations over ethane prices frequently become deadlocked. And this is what now appears to have happened in Norway.

The Norwegian Government has an option to take out the natural gas liquids—propane, butane and ethane—that will come from the Statfjord field through the new N.Kr 12.75bn offshore pipeline now being built. The Government's option runs out on July 1 this year.

Three companies — Norsk Hydro, Saga Petroleum and Dyno Industries — have been negotiating to buy the gas liquids on behalf of the Government. In February this year a pricing formula for propane and butane was successfully agreed. But discussions on a pricing fomula for ethane broke down.

Norsk Hydro and Saga jointly own a petrochemicals complex at Bamble and they are keen to use ethane coming from the new gas gathering system as feedstock there. The idea is that once the ethane has been landed at Karsto, it should be stored and then shipped to Bamble.

But the Statfjord consortium's negotiators insisted that ethane from the field should be priced at least as high as its methane natural gas. Saga, Hydro and Dyno say such a price would make the ethane feedstock too expensive to be worthwhile.

The Norwegian Government itself has insisted all along that the gas liquids' prices should be market related. But this begs the whole question of ethane prices.

The issue of the ethane price has now been referred back to the Norwegian Government. Some industry experts believe that Hydro, Saga and Dyno are hoping the Government will itself impose a price—and that it will be comparatively low. Whether the Government will act to break the deadlock remains to be seen.

Meanwhile in the UK the lack of an established market price for ethane is being felt equally strongly. But the chief difficulty in Britain concerns tax.

The petrochemicals plant at Mossmorran is being built by Esso Chemical although it is being jointly financed by Esso and Shell, the two partners in the Brent field which will supply the ethane feedstock. What the two groups have done is to decide on an in-house transfer price for their ethane. And last year Esso Chemical, after threatening to abandon the £500m petrochemicals project, managed to persuade the Government to accept the transfer price for purposes of charging Petroleum Revenue Tax.

None of the parties concerned is prepared to say what the Shell/Esso transfer price—and therefore the tax reference price—for ethane is. But there is some speculation that it could be as low as 12p a therm —far less than the current going rate for North Sea methane gas which is in the region of 20p a therm.

Some industry experts believe Shell and Esso could be saving themselves as much as £20m a year in costs as a result of the tax deal they have squeezed out of the Government.

Lease of life

But the agreement on tax has raised difficulties for BP Chemicals with its hopes of converting its Grangemouth plant to take ethane gas feedstock—and the difficulties could prove insuperable. BP Chemicals' ethylene plant at Grangemouth is an old one and it currently uses the oil-based naphtha as a raw material. The company believes the plant could be given a new lease of life if part of it were converted to take ethane as a raw material—particularly at a time when Western Europe is suffering from massive overcapacity in ethylene.

Although ethane is a more efficient feedstock than naphtha for making ethylene, it does not provide the same range of chemical products as the oil-based raw material. BP Chemicals therefore wants to convert only part of the Grangemouth plant to ethane—and it believes there will be enough ethane coming through the FLAGS line to supply its needs at Grangemouth as well as those of Mossmorran.

But the BP scheme will only be viable if the company can obtain ethane at relatively low cost. And the chances of its being able to do so are slim.

BP has little ethane of its own and it would therefore have to buy in supplies from Shell and Esso—its competitors. Shell and Esso are certain to want to charge BP more than their own in-house transfer price. And BP would suffer a double penalty because a higher price would also mean a higher tax bill.

The tax deal on in-house ethane transfer prices will run for five-year periods. At the end of five years, the Government will have the right to revise the ethane price it will accept for tax purposes—notably if it believes the going rate for ethane on the open market is higher.

This means that Shell and Esso have a double incentive for deciding not to sell ethane to BP. If they are the only companies using the gas to make petrochemicals on any scale in the UK, then they can argue that their in-house transfer price is in effect the market price. The Inland Revenue would then have no reason to increase the tax reference price at the end of the first five-year period.

And Shell and Esso appear to have an alternative purchaser for any surplus ethane they may have—the British Gas Corporation. Although there is a limit on the amount of ethane that can be mixed with methane to make specification gas, industry experts believe British Gas will easily be able to use any excess ethane that Shell and Esso do not need at Mossmorran.

The result is likely to be that BP Chemicals will be forced to give up its plans for the conversion of Grangemouth. And if it does abandon them, it will come under increasing market pressure to shut the Grangemouth ethylene plant altogether. At a time of overcapacity in ethylene throughout Europe, product from the Grangemouth unit would be unable to compete with that coming from newer, more efficient plants—notably that at Mossmorran.

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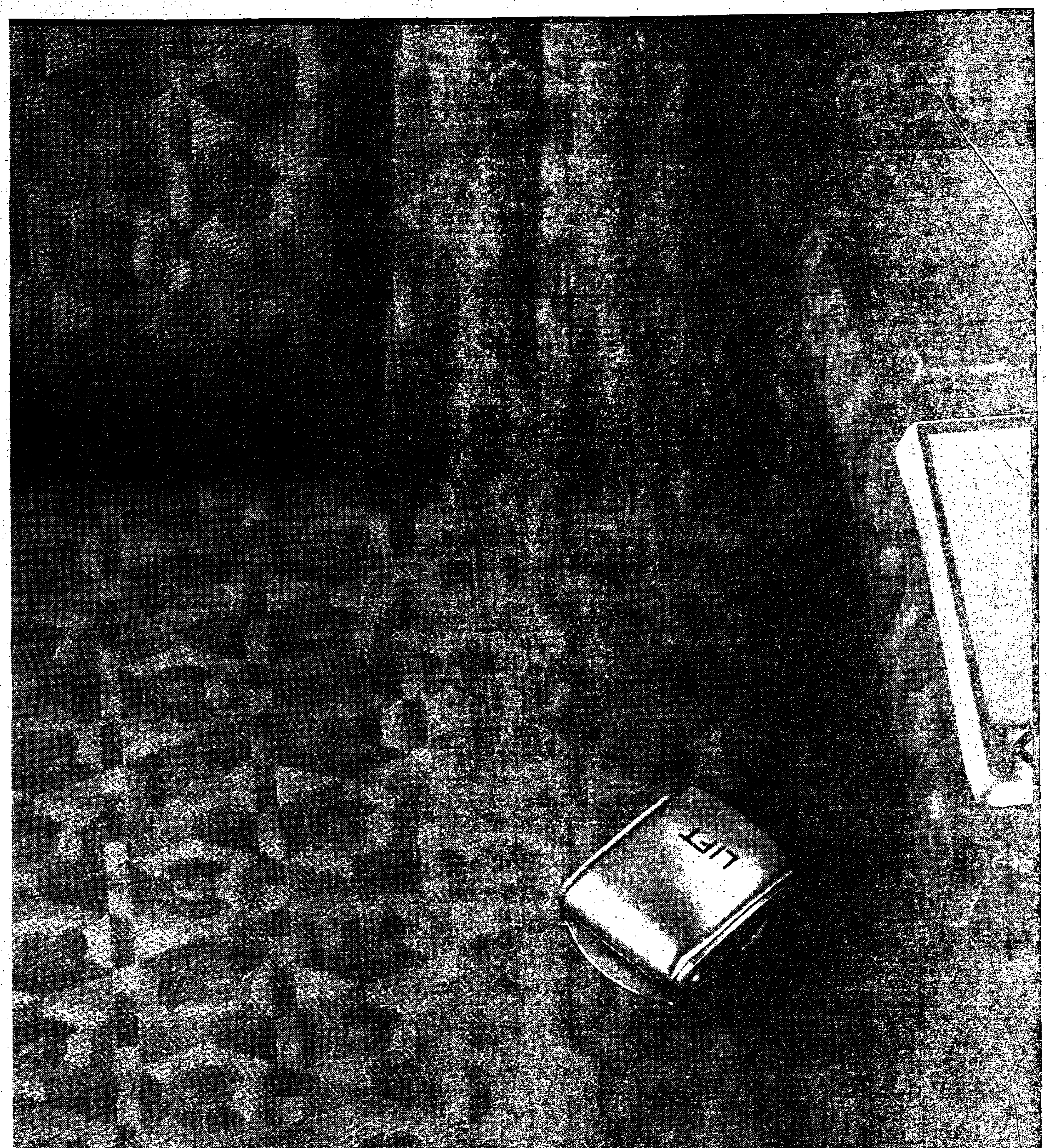

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UK NEWS – PARLIAMENT and POLITICS

Falklands decision this week, Thatcher says

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN is facing a critical week which will decide whether a peaceful settlement of the Falklands dispute is possible, the Prime Minister told the Commons yesterday.

Mrs Thatcher accused the Argentine junta of "trying to spin out negotiations" and emphasised that Britain could not go on accepting such prevarication.

So far no military option had been closed or held up by negotiations—nor would such options be delayed in the days ahead.

For over six weeks the Government had been trying to achieve a negotiated settlement. If that was not possible then she believed Conservative MPs and most members of other parties in the Commons "would not flinch from a settlement by force."

The Prime Minister announced that the House will have another debate on the Falklands tomorrow—the sixth debate on the subject since the cirsis started nearly seven weeks ago.

There were shouts of disagreement from Conservative MPs when Mr Michael Foot, *Leader of the Opposition*, asked for an undertaking that the House would be able to assess the chances of a negotiated settlement before there was any major escalation in the conflict.

He said there were a number of important questions which had to be clarified in the House. There had, for instance, been the questions from Mr Edward Heath, former Conservative MP, about the Peruvian terms for a settlement. There was also the question of how far the Argentine government may have moved towards acceptance of two of the requirements laid down by Britain.

Mrs Thatcher replied: "No military action can be held up in any way. To do so would be to give notice to the dictator who *is* our enemy."

Mr Foot was constitutionally wrong and wrong in practical terms, she said.

Any military action or option could not and must not be delayed by people who were extending negotiations, she said. To consult MPs in the House about when Britain intended to take action would give notice to the invaders, "and that would be stupid as well as totally unjust to the people who we intend to fight for."

During Question Time Mrs Thatcher faced hostile interventions by some Labour MPs who accused her of ruling out a diplomatic settlement of the crisis when she spoke to the Scottish Conservative Conference *at the end of last week*. But Conservative back benchers gave her their wholehearted support.

She said Sir Anthony Parsons, Britain's Ambassador to the United Nations, had again met Sr Perez de Cuellar, the Secretary General, and put more proposals to him to be handed over to the Argentines. Britain expected a reply very shortly, within a matter of a day or so.

Negotiations were continuing and the Government was doing all it could to reach a peaceful settlement, although there were principles on which it could not compromise.

"There remain substantial difficulties," Mrs Thatcher warned. "I believe that we shall know within the next day or two whether an agreement is attainable.

"We cannot have endless Argentine prevarication."

Mrs Thatcher assured MPs that Britain's determination that all Argentine forces should be withdrawn from the islands remained absolute.

"We have throughout made clear that we will take whatever steps are necessary to bring this about. We are meanwhile increasing the military pressures on the Argentine government."

The Argentines, she said, had shown their intransigence by flouting every part of the UN mandatory resolution, and had sent extra men and equipment *to the islands*.

Mr Robert Atkins (Con Preston North) criticised Mr Tony Benn (Lab Bristol South East) for taking part in a march in which, he said, there was a banner calling for victory for Argentina.

Mr Atkins said that Mr Benn and Dame Judith Hart, chairman of the Labour Party, who has called for the return of the task force, were guilty of political opportunism because they were members of the Labour government which supplied ships and aircraft to Argentina.

The Prime Minister told him she believed the attitude taken by Mr Benn and Dame Judith was out of step with their own constituents and their own party.

Mr John Peyton (Con Yeovil) protested that a further debate in the House would only allow Mr Foot "to further slide away from resolution into a morasse of vacillation."

This remark provoked cries of "cheap, cheap" from the Labour benches.

Mr John Maxton (Lab Cathcart) said that *now the* Prime Minister was away from the "disastrously jingoistic" atmosphere of the Scottish Conservative Conference she should reconsider her attitude that "war was more thrilling and exciting than the welfare of her people."

Mrs Thatcher strongly denied any such attitude.

Mr Robert Litherland (Lab Manchester Central) said it was time to put pressure on the banks and financial institutions to play their part in the sanctions against Argentina "or is it far more convenient for loss of life than loss of profits?"

Mrs Thatcher condemned his remarks and said that Argentine assets in Britain had been frozen and the banks were playing their part.

Mrs Thatcher

There was laughter when Mr James Craigen (Lab Maryhill) suggested that as she was a determined woman the Prime *Minister ought to have a face* to face meeting with General Galtieri, the Argentine leader.

This brought cries of "serve him right" from Labour back benchers.

But Mrs Thatcher rejected the idea and declared: "I am a merciful lady."

No precedent for EEC farm price vote, PM warns

FINANCIAL TIMES REPORTER

THE Prime Minister yesterday issued a stern warning to other EEC countries that moves to force through the new Community farm prices against Britain's will were "quite without precedent" and would raise "very serious issues."

Her tough line came as Agriculture Minister Mr Peter Walker, in Brussels, accused Common Market countries of "steamrollering" the 10.5 per cent package through, and an EEC official spoke of the "law of the jungle" in the Community from now on.

Facing questions in the Commons as the EEC votes were taking place in Brussels, Mrs Thatcher said it looked as if the farm price deal—which Britain had previously vetoed—was being implemented by majority vote.

"If that is so, then this is quite without precedent. It raises very serious issues and we shall be considering what to do under the new circumstances.

"I don't think it would be wise to go any further than that at the moment. It might still be possible to pull it back," she said.

Mrs Thatcher was answering Mr Michael Ancram, Tory MP for Edinburgh South, who said that many lifelong supporters of the EEC had been "deeply disturbed" by some of the actions of the Council of Ministers during the last 48 hours.

In an apparent reference to the EEC's limited support for a seven-day renewal of economic sanctions against Argentina, Mr Ancram urged the Prime Minister to "make it clear to our partners that co-operation through the rule of law cannot be selective and these actions can only be comfort to our enemy and endanger the Community itself."

After Liberal leader Mr David Steel pointed out that the Conservative group in the European Parliament actually supported use of the majority-voting procedure, Mrs Thatcher said: "They are as free as I am to express their views. I do not agree with their views on the Luxembourg Compromise."

Lloyd's underwriters' links with brokers 'vital'

BY JOHN MOORE, CITY CORRESPONDENT

LLOYD'S insurance underwriters may have to set up their own insurance broking companies or establish joint ventures with brokers in foreign countries if they are to survive, a Lloyd's underwriter told the Lords select committee reviewing the Lloyd's Bill yesterday.

Mr Colin Murray, an underwriter with R. J. Kiln, which is petitioning against a clause requiring brokers to sell shareholding links with underwriting agents, said that if underwriters were to survive they must retain flexibility to compete.

That would include the possibility of underwriters owning brokers to market their own insurance schemes or forming joint ventures with broking groups in overseas markets.

Mr Murray said the advantage of brokers' shareholding links with underwriters was that it kept the two parts of the insurance operation together on a long-term basis. The parties were able to forge trust and respect for each other.

Lord Nugent of Guildford, chairman of the committee, asked Mr Murray to explain what a broker gained from including underwriting syndicates as part of its corporate structure.

Mr Murray said the broker would retain profit commission from the results and had a say in what business was offered to the syndicate. Lord Nugent questioned whether this was in the interests of the client. He said it was difficult to understand why a broker wanted to retain an underwriting syndicate over which he had no control.

Inland Revenue critical of local income tax plan

By Lisa Wood

THE INLAND REVENUE yesterday criticised proposals for a local income tax administered by local authorities using Inland Revenue information.

Mr Terence Painter, Under Secretary at the Inland Revenue, told the Environment Select Committee that the costs of such a system independent of the Revenue would be enormous. The committee is examining ways of financing local government.

In written evidence to the committee it was said that a local income tax system integrated with the present national system would cost about £110m (at 1981-82 prices) while the local authority administered scheme would cost an estimated £220m.

Mr Painter said that if the current computer system of PAYE proceeded well it would be completed by 1987.

Director disqualification now covered by Act

BY JOHN MOORE

MANY of the outstanding provisions of the Companies Act of 1981 are to come into effect on June 15, following a series of commencement orders published yesterday by the Department of Trade.

A wide range of the Act's provisions are activated, including those on disqualification of company directors; the purchase by a company of its own shares; disclosure of interests in shares, including measures on "concert parties," and the form and content of company accounts.

Company legislation is now the responsibility of Dr Gerard Vaughan, Minister for Consumer Affairs, who signed the new order.

He said yesterday: "Those parts of the 1981 Companies Act I am now bringing into force contain benefits for companies of all sizes and for those who have dealings with them.

"Small companies in particular will find that the facility to purchase their own shares gives them greater flexibility, enhancing their ability to raise capital and to adapt the structure of their share capital to changing circumstances.

"The Act also allows smaller companies to file less detailed information with the Registrar of Companies."

He added that public companies would be better protected from "a surreptitious build-up of holdings in their shares by the extension of the requirement to disclose interests in shares to cover 'concert parties.'"

Dr Vaughan said that consumers, suppliers "and the vast law-abiding majority of directors will join me in welcoming the tougher powers the Act gives the courts to disqualify directors."

SDP faces repeat of split on Tebbit Bill

By Elinor Goodman

THE SDP faces the possibility of another damaging split tonight over the Employment Bill, and the certainty of accusations of indecisiveness from other parties.

SDP MPs decided yesterday that the party should abstain when the Bill being piloted through the Commons by Employment Minister Mr Norman Tebbit comes up for its Third Reading tonight. Abstention was meant to cover the party's differences over the Bill, but last night it appeared to have failed to achieve its objective. Mr Bill Rodgers, a member of the Gang of Four, and Mr Richard Crawshaw, were threatening to support the Bill, while Mr John Grant and Mr Bob Mitchell seemed determined to vote against it.

Frantic behind the scenes efforts were being made to bring the rebels into line and so avoid a repeat of the split vote in February at the Bill's Second Reading, which the SDP leadership believes badly damaged the party's standing with the electorate.

The other members of the Gang of Four seemed hopeful that Mr Rodgers might be persuaded to abstain. But even if all the SDP MPs eventually agree to abstain, the SDP will still be at odds with its partner in the Alliance because the Liberals have already decided to support the Bill.

Abstention also leaves the party open to accusations of indecisiveness on a key policy issue. Last night Tory and Labour MPs were claiming that failure to vote would demonstrate what a "spineless" party the SDP was.

Whatever happens, the vote could add to the Alliance's problems in the two forthcoming by-elections.

The Employment Bill provided the SDP with one of the first real tests of what kind of party it wanted to be. After a lengthy debate in February, the majority of SDP MPs agreed to support it on the ground that the party was committed to trade union reform.

But five MPs refused to toe the party line, arguing that it would be very damaging to the party to associate itself with "union bashing," and voted against the Bill. Some, including Mrs Shirley Williams, warned they would not support it again at its Third Reading.

The decision to abstain yesterday was justified on the grounds that the party was still in favour of trade union reform, but since its own amendments to the Bill had not been accepted, it could not honestly vote in favour of it.

Mr Rodgers, however, is believed to have argued that it was essential that the party demonstrated its commitment to union reform by *backing the Bill, defects and* all.

Williams withdraws from party leadership contest

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MRS SHIRLEY WILLIAMS has agreed to give Dr David Owen a clear run to challenge Mr Roy Jenkins for the SDP leadership.

Mrs Williams announced yesterday that she would not be standing and that she would probably put her name forward for the job of president of the party outside Westminster.

It had been thought that if Mrs Williams, once rated the party's most popular politician, agreed not to stand for the leadership, she could be sure of facing no opposition for the less powerful job of president.

But yesterday, in a further indication of the friction within the SDP, Mr Bill Rodgers, the fourth member of the existing collective leadership, made it clear that he might stand against Mrs Williams for the presidency.

Ballot papers for the leadership election will go out to all party members on June 11, and the result will be announced on July 2. Discussions will then begin with the Liberals over who should assume the leadership of the Alliance.

Technically, another MP could still declare himself as a candidate for the leadership, but it looks like being a straight fight between Mr Jenkins and Dr Owen, the present leader of the party at Westminster.

Mr Jenkins remains the favourite, but Dr Owen has almost certainly increased his standing among party members by his handling of the Falkland Islands crisis, and some of Mr Jenkins' supporters now believe it could be quite a close contest.

The majority of SDP MPs were hoping to avoid a leadership contest on the grounds that it could strengthen the impression of a divided party, and further damage the SDP's standing with the electorate.

But immediately after a vote on the method of electing the leader was announced earlier this month, Dr Owen made clear that he intended standing. He has now started collecting the necessary nominations from other MPs and is believed to have the support of Mrs Williams as well as Mr Mike Thomas, Mr Tom McNally, Mr Christopher Brocklebank-Fowler and Mr James Dunn.

At a meeting yesterday of the party's steering committee, Dr Owen and Mr Jenkins apparently agreed that, if there was a contest, it would not be fought in such a way as to damage the party.

This presumably means a fairly low-key election, but the contest will inevitably highlight the tensions within the party between those like Dr Owen, who want to go all out for the Labour vote and remain as independent as possible from the Liberals, and those, like Mr Jenkins, who see the SDP's fortunes as inextricably bound up in the Alliance with the Liberals.

If Mr Jenkins wins, he will become the president of the Alliance, with the support of Mr David Steel, the Liberal leader, but, if Dr Owen were to come from behind and win, it could create serious problems with the Liberals, who would be very reluctant to see Mr Steel step aside for anyone other than Mr Jenkins.

Officially, Liberal policy is to keep out of the SDP leadership contest, on the grounds that it is an internal matter for the Social Democrats. But if Dr Owen were to campaign on the basis of distancing the SDP from the Liberals, Mr Steel might find it difficult to keep quiet.

As it is, Mr Steel is coming under pressure from his own party activists to play a more dominant role in the Alliance.

They are arguing that the local election results demonstrate the Liberals' superiority. The Association of Liberal Councillors, which in the past has been critical of Mr Steel's moves to forge an alliance with the SDP, will discuss at a meeting this weekend a motion saying that the time has come for the Liberal Party to "assert itself as the leading partner in the Alliance," and that the leader of the Liberal Party should "in due course" become the Alliance's candidate for Prime Minister.

Alliance sets local parties deadline for talks on seats

BY ELINOR GOODMAN

SDP AND LIBERAL leaders yesterday gave local parties a deadline of the end of the month to complete negotiations over the allocation of parliamentary seats.

Any constituencies which have not been allocated by then will be referred to independent arbitration.

The two parties announced last month that they had reached agreement covering over 500 constituencies after five months of negotiations

But they have still failed to reach agreement in well over 50 *constituencies, including* Leeds, Durham, and a number of areas like Wiltshire and Dorset in which the Liberals are traditionally strong.

Yesterday's decision to put a deadline on local negotiations seems to have been designed to put pressure on local parties to reach agreement. The hope seems to be that by the end of the month the number of cases for arbitration will have been reduced to well below 50.

A panel of arbitrators has been set up, including Mr David Watt, a director of Chatham House, and Sir John Garlick, a former permanent secretary at *the Department of Environment*.

Douglas Mann does the decent thing—but who's watching?

Margaret van Hattem on an overshadowed by-election

BE PREPARED, as Tom Lehrer once memorably advised boy scouts, and be careful not to do your good deed if there's no one watching you.

Alas for poor Mr Douglas Mann who, like the rest of us, was not prepared for the Falklands crisis, as a result of which almost no-one is watching as he does the decent thing.

Mr Douglas Mann is the MP who, having defected from Labour to the Democrats, resigned his seat in the South London constituency of Merton, Mitcham and Morden in order to fight a by-election.

It was a courageous decision, given that the 1979 election had turned his comfortable 6,191 vote majority into a meagre 618. Nevertheless at the time of decision last November, when the SDP was riding high in the aftermath of the Crosby by-election, hecould have expected to hold the seat with a respectable majority.

Even two months ago, when SDP support was slipping from its December peak, his record as a good constituency MP would have made him the front runner in the by-election, the date of which was decided in early March.

And with no single major issue dominating national politics, he could have focused his campaign on the honourable gesturewhich prompted the by-election, picking up a large number of floating votes from those who seek, but do not always find, honour in politicians.

Today, with the Falklands dominating radio, television, the newspapers, the House of Commons and almost every other form of public debate, few expect to see him back in the Commons after polling day on June 3.

Even Mr Douglas Mann is now predicting, with determined optimism, that he will come "at least second." Some would rate his chances lower than that.

The clear favourite at the *start of thecampaign is the* Tory candidate, Mrs Angela Rumbold, the 49-year-old deputy leader of the Merton Borough Council.

Mrs Rumbold is one of the new breed of Tory women, epitomised by her close friend Baroness Young, leader of the Government in the House of Lords.

Not for Mrs Rumbold the silk shirts and meticulous grooming that characterises Tory women's conferences. She probably does not own a hat and is certainly far too busy to bother with manicures or prolonged sessions at the hairdresser.

She holds a law degree and a second degree in history of art, and in her eight years as a local councillor has been an active member of various education committees, locally and nationally.

Mrs Rumbold is an unabashed right winger. She favours hanging, finds the abolition of corporal punishment in schools "ridiculous," thinks it would be extremely foolish to deviate from the Government's economic policies "now that they have been proved right" and regards the Prime Minister as a "nice gutsy lady" who is handling the Falklands crisis in the only possible way.

She has great respect for Mr Enoch Powell, though on the question of immigration she finds him "very narrow."

She also has a keen sense of the ridiculous—enjoys gossip columns and Private Eye—and has a feel for populist issues.

On reaching the Commons she would like to do something about London Transport—possibly to help Mr David Howell, Transport Minister, privatise it—in order to cut waiting times and stop buses travelling in convoy. She concedes there may be a case for more subsidies to LT but dodges further discussion on the grounds of ignorance of the economics. She would like to abolish the Greater London Council.

The Labour candidate, Mr David Nicholas, a 36-year-old primary school head teacher, fought his first parliamentary election in a safe Tory seat 12 years ago and has the confident, relaxed manner of a seasoned campaigner.

Mr Nicholas is a committed Left-winger who supports "all Labour policy decided by conference" and would like to see much more nationalisation of privately-held assets.

In Parliament he would probably find himself on the Left of the Tribune Group. He does not approve the Government's handling of the Falklands crisis and considers the despatch of the task force a mistake: "You can't negotiate with someone when you are holding a gun at his head," he says.

But he would not care to be labelled a Bennite—or anything else, for that matter. Canvassing at a local shopping centre yesterday, he insisted on some definitions before he would agree to discuss with a shopper the question of whether he was a socialist.

These three are the main contenders—the National Front, which polled 966 votes in the 1979 election and 51 votes in the May local elections—is fielding a candidate but is not expected to poll significantly—and at the start of the campaign it is still possible that any one of the three may win.

The openness of the contest underlines this by-election's importance as a test of national opinion at a crucial time, and all three parties are wheeling out their big guns to support their candidates. Mr Douglas Mann, whose gesture in prompting the by-election has embarrassed and irritated some of his fellow SDP MPs, who are less keen to put their position to the test, is nevertheless being helped by personal appearances from the entire gang of four and Mr David Steel, the Liberal leader.

Mr Norman Tebbit, Mr William Whitelaw, Mr Michael Heseltine, Sir Geoffrey Howe and Mr Cecil Parkinson will all be appearing on platforms with Mrs Rumbold; while Mr Nicholas is getting support from right, left nad centre in the Labour Party in the persons of Mr Michael Foot, Mr Peter Shore, Mr Roy Hattersley, Mr Ken Livingstone, Mr Tony Benn, Miss Joan Lestor, and Mr Eric Heffer.

If—and it is a big if—the Falklands crisis were to be speedily resolved and pushed off the front pages in a wek or so, Mr Douglas Mann might yet be able to shift attention back to the personal issues on which he would prefer to campaign, and might yet hol dhis seat.

If he does, the sighs of pleasure and relief from his fellow SDP MPs will not be unmixed. For a victory in such unpromising circumstances increase presure on them to do likewise—presure which they appear determined to resist.

But if the May 6 local elections are a true test of public opinion, they have little cause to worry. The Tories, with 12,000 votes of the 27,500 votes cast, won 15 seats; Labour, with 9,000 votes, won 13. The Alliance, with 5,500 votes, won not a single seat.

Bruce Douglas Mann good constituency MP

1979 general election: B. Douglas Mann (Lab) 21,668; D. Samuel (Con) 21,050; R. Locke (Lib) 4,258; J. Perryman (Nat Front) 966.

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GARDENS TODAY

Chelsea bouquets and brickbats

BY ROBIN LANE FOX

NOT A blemish on the peonies, not a sign of wilt on the clematis: the Chelsea Flower Show, the world's finest, is a triumph over weather which has been enough to make any exhibitor tremble. Until Friday evening, you can enter the magic world of the Main Tent and marvel at the shapes of roses and the perfection of the daffodils before returning to as bad a year for greenfly as I can recall in your corner of the real world. There are no extravanganzas this year, no floral cradles for future royal babies, or models of HMS Hermes in red, white and blue petunias. On one small table, a violetta called Malvena was taking a quiet bow, but I do not think it had changed its spelling for the occasion.

Where should you start your fight through the record crowds? You will probably have to send for the Marines in order to cruise at any speed down the first two avenues which hit you on escaping from the outdoor gardens of the year. However, a skirmish up and down their length will give you the best of the peonies, clematis, alpines and strawberries, from Kelways, Fisks, Ingwersen and Ken Muir respectively.

The top corner, by the usual entry-points, contains in its junction Harkness roses and their handsome new yellow rose Mountbatten which has already swept most of the prizes in Britain and France. The leaf looks particularly fresh and elegant, but I confess to missing the scent entirely. It will not, therefore, find a home with me, but instead, I will hurry for their new climber, Breath of Life. Tucked high up at the rear of their exhibit, this apricot-pink rose is excellent news.

After the first two alleys, you could weave an ingenious course along the other end of the tent, sampling the first three stands up each alleyway away from the tenting. You would then take in the superb display of ferns by that maestro, Maurice Mason, whose large exhibit is the tent's botanical star turn. Mattocks and Peter Beales would give you the pick of the other roses, new and old-fashioned respectively. Bressingham Gardens has some subtle herbaceous plants, not least a double aquilegia called Mrs Barlow.

Weaving your way politely, you now reach the high spot of the show. Among the educational brochures and advice on restoring lawns, Brenda Hyatt of Bluebell Hill, Chatham, Kent, has brought us a large table of show auriculas and primroses, flowers not seen at Chelsea since 1966. She wins my bouquet for the exhibit of the year, so please push right across to the under-crowded far side of the tent and visit it.

In the 1960s, Mrs Hyatt wrote to her gardening magazine and asked for the source of a green-flowered primrose which it had illustrated the week before. Imagining that £5 would buy several dozen, she sent off for the old-fashioned Greensleeves and received only two plants in return. But these started her on her long path as a nurserywoman, exhibitor and seed-supplier on the Auricula Society lists.

I cannot imagine how anyone could bring such fresh flowers from the greenhouse after the past warm fortnight, yet their colours are clearly defined and still set perfectly with that flowery dust on the great show-varieties which grow under glass. Mrs Hyatt confessed to moving her entire exhibit from the greenhouse to her own house throughout the previous week, keeping the auriculas for coolness under her bed. These are the classic Victorian flowers seen here in a scarcely credible range from reds on pale green backgrounds to violet-blues on cream-white.

Among the magnificent large *exhibits, these small, private* growers continue to risk Chelsea on their own account. This year, they are joined by Mrs Dryden and a fascinating show of rare Lewisias for alpine beds, while recent arrivals like Richard Cawthorne, the king of the violettas and Tony Clements, clergyman turned grower of African violets, are on top form, as always. Hunt them out, for among those exquisite carnations and double begonias Chelsea is still bringing new, small suppliers to the mass public's eye.

Outside, the picture is more mixed. At last we have a choice of tasteful garden furniture. Chatsworth Carpenters live up to their name, a stand showing designs which the estate carpenters at Chatsworth will run up to classic, well-chosen patterns. White painted, this is a welcome ornament for town gardens, especially, and I would be glad with their Powis Castle range of upright seats at a strategic point in any planting.

The outdoor gardens divided more sharply. The best is Merrist Wood's cool, clean Roof Garden, a concept well suited to a show. It is prettily faced with thin York stone and planted with restraint and coherence in colours we could all appreciate. Others are more shaky. Modernists will find a spectacular essay in red and pink modernism by Dan Jacobson, while conservationists will like the front of the Sunday Times natural British garden, while worrying about conserving the rear half for which the weather has already proved too much.

When smaller, private growers have made such a mark in the Main Tent, it saddens me to end with a bouquet of barbed thorns for the two biggest companies at the show. Why must ICI stage something so vulgar as a mock sort of Wendy cottage's facade with a prissy setting of the worst bedding out and pergola in front of it. Is there no more wonder to good old Woollies than a zig-zag muddle of poles—pond, mock walling and mixed planting, cramming anything from heathers and conifers to variegated hostas into a single outdoor site? I wish they could hear the comments passed by our leading landscape designers on seeing this waste. Why cannot taste and big industrial backing come back together and produce something for Chelsea beyond the style which keen gardeners, by the 1980s, have long since learned to deplore?

In last week's column a source for a Lenten Lily was given as Wakehurst Nurseries, Hawkhurst. It should have been Washfield Nurseries, Hawkhurst, Kent.

FT COMMERCIAL LAW REPORTS

Guarantor's liability for extended facility

FIRST NATIONAL FINANCE CORPORATION v GOODMAN

Queen's Bench Division (Commercial Court): Mr Justice Bingham: May 13 1982

A GUARANTOR is liable for advances made by a bank which has, by amalgamation, acquired the interests of the original lender named in the guarantee, if the guarantee, strictly construed, was clearly intended to cover future advances made by the lender's successors or assigns, or by any bank with which it amalgamated.

* * *

Mr Justice Bingham so held when giving judgment for the plaintiff bank, First National Finance Corporation Limited (FNFC), in its claim for £338,165 against the defendant, Mr Harry Goodman, under a written guarantee.

HIS LORDSHIP said that Mr *Goodman was an entrepreneur in* the package holiday business. He entered into a scheme with property developers to develop West End properties as hotels and flats for occupation by visitors to London in the summer months, and by other lettings in the winter.

A new company, Apartotel, was incorporated on January 20 1970. Mr Goodman and the developers were its directors and shareholders. Before the company was formally incorporated, exploratory meetings to discuss finance were held with Cassel Arenz, a bank which specialised in property finance.

By a letter dated March 3 1970, Cassel offered Apartotel an on demand facility of £40,000, reviewable after 12 months. The offer was accepted on behalf of Apartotel by Mr Goodman and the other directors. On June 2 1970 they each signed a guarantee on Apartotel's account, and three days later Cassel advanced the £40,000.

Over the following months Cassel made a number of additional facility letters to Apartotel. By April 1972, when the second year of the facility ended, Apartotel owed Cassel £146,106. The facility was not renewed until the following September.

Between April and September 1972, Cassel merged or amalgamated with its parent company, FNFC, which acquired all Cassel's business and the benefit of all subsisting contracts with effect from January 1 1972.

Apartotel's facility and account continued exactly as before with the same documentation and account number. Neither Mr Goodman nor Apartotel was informed of the change.

Between April and September, also, Mr Goodman and the developers fell out, with the result that in about September 1972, Mr Goodman ceased to be either a shareholder or a director of Apartotel. News of his departure reached the ears of FNFC by about April 1973.

After September 1972 further advances were made, by FNFC to Apartotel, and by May 1977 the total topped £670,000. On May 4 1977, FNFC demanded repayment from Apartotel, and in June 1977 it was resolved that Apartotel be wound up. After substantial realisations had taken place, FNFC demanded payment from Mr Goodman under his guarantee. The sum claimed was £338,165.

Mr Goodman in his defence said that, having regard to the letter of March 3 1980, he was only liable up to £40,000, and only for the 12-month period of the first facility.

The guarantee, on its face, was expressed to be an all moneys guarantee with no upper limit and no limit of time.

The evidence showed that before the guarantee was signed the parties, including Mr Goodman, expressly contemplated the prospect of further advances. Also, although Cassel reserved a right to renew the facility at the end of a year, both parties confidently expected the relationship to continue for a much longer period if it ran smoothly.

Another defence was that Mr Goodman was only liable in respect of advances made by Cassel, and not those made by FNFC.

The guarantee opened with the words, "In consideration of Cassel Arenz and Co Ltd (hereinafter called the Bank which expression where the context so admits includes the Bank's assigns) at our request making or continuing advances . . ." Clause 2 provided, "This guarantee . . . shall extend to cover . . . any sum or sums of money which shall . . . constitute any balance due from the customer to the Bank on any account whatsoever." Clause 18 provided that "In this guarantee where the context so admits . . . 'the Bank' includes its successors and assigns and any company with which it may amalgamate . . ."

Mr Getz for Mr Goodman argued that the guarantee was addressed to Cassel in consideration of the making or continuing of advances by Cassel. The reference to Cassel in the opening words did not include Cassel's assigns or successors, or any company with which Cassel might amalgamate. Those might only be read into the guarantee where reference was made to the "Bank."

Hence, said Mr Getz, the guarantee on its face only contemplated advances by Cassel, and did not extend to future advances. Guarantees were to be construed strictly and if there were any doubt as to their meaning, they should be construed *contra proferentum* [that is against the person claiming under the guarantee].

Mr Thomas for FNFC submitted that a reference in clause 1 to "moneys . . . which are now or shall at any time be due from the customer to the Bank . . ." expressly contemplated that Cassel might not be the sole party making advances to Apar*totel*.

He said that references in the guarantee plainly showed that advances would be covered by the guarantee, although not made by Cassel. Clause 1 (B) referred to "all moneys obtained from or liabilities incurred to the Bank"; clause 5 provided, "The Bank shall be at liberty . . . . to enlarge or vary any credit to the company"; and clause 17 (C) provided, "Notwithstanding the death of any party hereto this guarantee shall extend to secure all advances or payments made by . . . the Bank."

His Lordship accepted Mr Getz's submission that a guarantor should not be exposed to liability beyond what was normal, without very clear language, and that any ambiguity in the guarantee should be resolved in his favour.

The question in the present case was whether, on a fair but strict reading, the language of the guarantee clearly showed that it was to apply not only to advances existing at the date of amalgamation, but also to advances made after that date.

The guarantee had the wider effect. FNFC was a "company with which Cassel Arenz may amalgamate" under clause 18. As such it was a "Bank," authorised under clause 5 to enlarge or vary any credit to Apartotel, and to make advances and payments under clause 17(C). Under clause 1(B) the guarantee covered all money obtained from FNFC, as a "Bank."

It was a harsh result for Mr Goodman. When the bulk of the large advances were made, he had no interest in or connection with Apartotel and had no knowledge of the advances. They were of no benefit to him. He was now burdened with a great liability.

FNFC was entitled to judgment for the sum claimed.

For FNFC: Neville Thomas QC and Colin Smith (Titmuss, Sainer and Webb).

For Mr Goodman: Wilfred Getz QC and Richard Behar (Stringer, Saul and Justice).

By Rachel Davies
Barrister

TELEVISION

Chris Dunkley: Tonight's Choice

Tonight brings one of those head-on clashes between two promising programmes in the same category which drive viewers wild with frustration: at 9.30 BBC-2 screens the first of four plays based on Antonia White's **Frost In May** and 15 minutes later ITV starts the two-hour drama **Looks And Smiles** made by the writer/director/cameraman trio responsible for "Kes," Barry Hines, Ken Loach and Chris Menges.

Television chiefs justify these collisions by saying they maximise audiences: if each drama went out opposite a comedy or a soccer match each would suffer, they say. Anyway, they add, real competition sustains the highest possible standards and in television that inevitably means like-against-like. This suggests that the high rating, however unenthusiastic the viewers, is more important to them than a small appreciative audience—the hard core of drama enthusiasts who would watch both programmes, given the chance.

As it happens both productions are likely to be available again, so tonight's choice is not critical. **Looks And Smiles**, which is shot in black and white and concerns the social, sexual and unemployment agonies of teenagers in Sheffield, has already won the Cannes prize for Contemporary Cinema and can be seen in the cinema. **Frost In May**, about the evils of religious indoctrination, starts with its nine-year-old heroine entering a convent.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). **9.38** For Schools, Colleges. **10.00** You and Me. **10.15** For Schools, Colleges. **12.30** pm News After Noon. **1.00** Pebble Mill at One. **1.45** Over the Moon. **2.01-3.00** For Schools, Colleges. **3.53** Regional News (except London). **3.55** Play School. **4.20** Scooby Doo, Where Are You? **4.40** Play Away. **5.05** John Craven's Newsround. **5.10** Wildtrack.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
7.00 Up a Gum Tree with David Bellamy (London and South East only).
7.30 Wednesday Film: "Zebra in the Kitchen," starring Jay North, Martin Milner and Andy Devine.
9.00 News.
9.25 Taxi (American comedy series).
9.50 Sportsnight: Rugby League: The State Express Challenge Cup Final Replay: Hull v Widnes; FA Cup Preview plus highlights of the UEFA Cup Final second leg.
11.08 News Headlines.
11.10 The Big Time: Members of a gardening club in Dorset design a garden for the Chelsea Flower Show.

BBC 2

6.40-7.55 am Open University.
10.20-10.45 Gharbar.
11.00-11.25 Play School.
12.30-1.20 pm Open University.
2.15 Racing from Goodwood.
5.10 The Villa Farnesina.
†5.40 Charlie Chaplin in "The Immigrant."
6.15 The Harrisons Don't Go to School.
6.55 The Ascent of Man.
7.45 News Summary.
7.50 Hooked!
8.20 Chelsea Flower Show.
9.00 Butterflies by Carla Lane.
9.30 Frost in May.
10.55-11.45 Newsnight.

LONDON

9.30 am Schools Programmes. **11.54** Dick Tracy Cartoon. **12.00** Windfalls. **12.10** pm Rainbow. **12.30** Play it Again. **1.00** News with Peter Sissons, plus FT Index. **1.20** Thames News with Jane Corbin. **1.30** Crown Court. **2.00** After Noon Plus with Mary Parkinson and Kay Avila. **2.45** The Six Million Dollar Man. **3.45** Three Little Words. **4.15** Bugs Bunny. **4.20** Animals in Action. **4.45** Sunny Side Up. **5.15** Mr Merlin.

5.45 News.
6.00 Thames News with Anlrew Gardner and Tricia Ingrams.
6.25 Help! The community action programme with Viv Taylor Gee.
6.35 *Crossroads.*
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 1982 British Beauty Championships introduced by Judith Chalmers and Peter Marshall from the Wembley Grand Hall.
9.00 News.
†9.45 Looks and Smiles.
11.45 Kaz.
12.40 am Close: Sit Up and Listen with Michael Hordern.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.45 Trapper John. 5.15 Jangles. 6.00 About Anglia. 11.45 Speedway. 12.30 am Redemptor Hominis.

BORDER

1.20 pm Border News. 2.45 The Last of Summer. 5.15 Survival. 6.00 Lookaround Wednesday. 11.45 Border News Summary.

CENTRAL

1.20 pm Central News. 2.45 The Body Human. 5.15 Diff'rent Strokes. 6.00 Crossroads. 6.25 Central News. 11.40 Replay: It Takes a Thief.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 2.45 Trapper John. 5.20 Crossroads. 6.00 Channel Report. 6.30 Bailey's Bird. 11.45 Danger UXB. 12.45 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Trapper John. 5.15 Jangles. 6.00 North Tonight. 11.40 Seachd Laithean (the week's news in Gaelic). 12.10 am North Headlines.

GRANADA

11.54 am Wattoo Wattoo. 1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.30 Putting on the Style. 2.45 The Last of Summer. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 11.45 City of Angels.

HTV

1.20 pm HTV News. 2.45 Fantasy Island. 4.15 Ask Oscar! 5.15 Private Benjamin. 6.00 HTV News. 11.45 Ladies' Man.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Ty Bach Twt. 4.15 Here's Boomer. 4.45-5.15 Llygad Barcud. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH

1.20 pm Scottish News. 2.45 The Love Boat. 5.10 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today followed by Action Line. 6.30 Report. 11.45 Late Call. 11.50 Pro-Celebrity Snooker.

TSW

1.20 pm TSW News Headlines. 2.45 Trapper John. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Tele Views. 6.40 Sportsweek. 9.45 TSW Late News. 11.45 Danger UXB. 12.45 am Postscript. 12.50 South West Weather.

TVS

1.20 pm TVS News. 2.45 Trapper John. 5.15 Watch This Space . . . Good News of the Week. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 11.45 City of Angels. 12.40 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 The Love Boat. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 9.45 North East News. 11.45 Pavilion Folk. 12.15 am Let's Celebrate Ascension Day.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Good News of the Week. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 9.44 Ulster Weather. 11.45 News at Bedtime.

YORKSHIRE

11.55 am The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 2.45 Charlie's Angels. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 The Living Legends of Jazz and Blues—(The Dave Brubeck Quartet).

RADIO

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 Semprini Serenade (S). 9.55 Sports Desk. 10.00 Tom Menard tells Local Tales. 10.15 The Cambridge Buskers. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.00 BBC Welsh Symphony Orchestra (S). 11.25 Clementi piano recital (S). 12.00 Vienna Philharmonic Orchestra (S). 1.00 pm News. 1.05 *Concert Hall* (S). 2.00 Music Weekly (S). 2.50 British Music (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Collegium Aureum (S). 7.45 Gyorgy Ligeti: London Sinfonietta concert from the Queen Elizabeth Hall, London, part 1 (S). 8.15 Six Continents (S). 8.35 Gyorgy Ligeti, part 2 (S). 9.25 The Honeywood File by H. B. Creswell. 9.30 Hindemith Conducting the New York Philharmonic. 10.40 The Country of the Pointed Firs. 11.00 News. 11.05-11.15 Camerata Bern (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Henry Kelly (S). 10.00 News. 10.02 Gardeners' Question Time visits County Durham. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen. 11.52 It's a Bargain. 12.00 News. 12.02 pm You and Yours. 12.27 The Other Side of Silence (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.47 Time for Verse. 4.00 News. 4.02 Village Vignette. 4.10 File on 4. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Frank Muir Goes Into . . . Horror (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A World in Common. 8.15 In Search of the Golden Pleonie. 8.45 A Warrior I Have Been (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Detective. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

RACING

BY DOMINIC WIGAN

THE DERBY market has been subjected already to severe buffeting. First there was Peacetime's coughing. Then, news about Golden Fleece will have caused a shake-up by about 3.45 this afternoon.

By then Peacetime will have tried to prove all is well with him in Goodwood's Schroder Life Predominate Stakes. These see the unbeaten Ivano back in action.

It is dangerous to side with a horse which has been under a cloud. I have no intention, however, to desert Peacetime. He looked every inch a Derby colt at Sandown before his setback.

Sent to the Esher course by a quietly confident Jeremy Tree after a highly impressive gallop, Peacetime stamped his authority there from far out in the Guardian Classic Trial.

Allowed into the lead fully 2.5 furlongs from home, Quiet Fling's full-brother never looked like relinquishing his grip on proceedings in spite of signs of inexperience. Two lengths ahead of Be My Native at the line, Peacetime had the third-placed Jalmood six lengths behind him.

It is difficult to know what to make of the form. Be My Native clearly failed to run his best in the Mecca Dante on his subsequent appearance. Jalmood, who missed the break in the Guardian race, may simply have outstayed a colt with stamina limitations when subsequently beating Mr Fluorocarbon at Lingfield.

That said, Peacetime could do no more than win impressively in a fast time when making only his second appearance at Sandown. Now almost certainly back to his best, in the belief of his stable the Nijinsky colt ought to have the measure of Ivano, the Dee Stakes winner.

No one outside Beckhampton will be looking to Peacetime's performance with more interest than those instrumental in initiating the Guardian Trial. Since its inception the race has been won by Troy, Henbit and Shergar on their way to success at Epsom.

GOODWOOD
2.00—Great Pretender
2.30—Everwarm**
3.30—Peacetime***
4.00—Going Going*

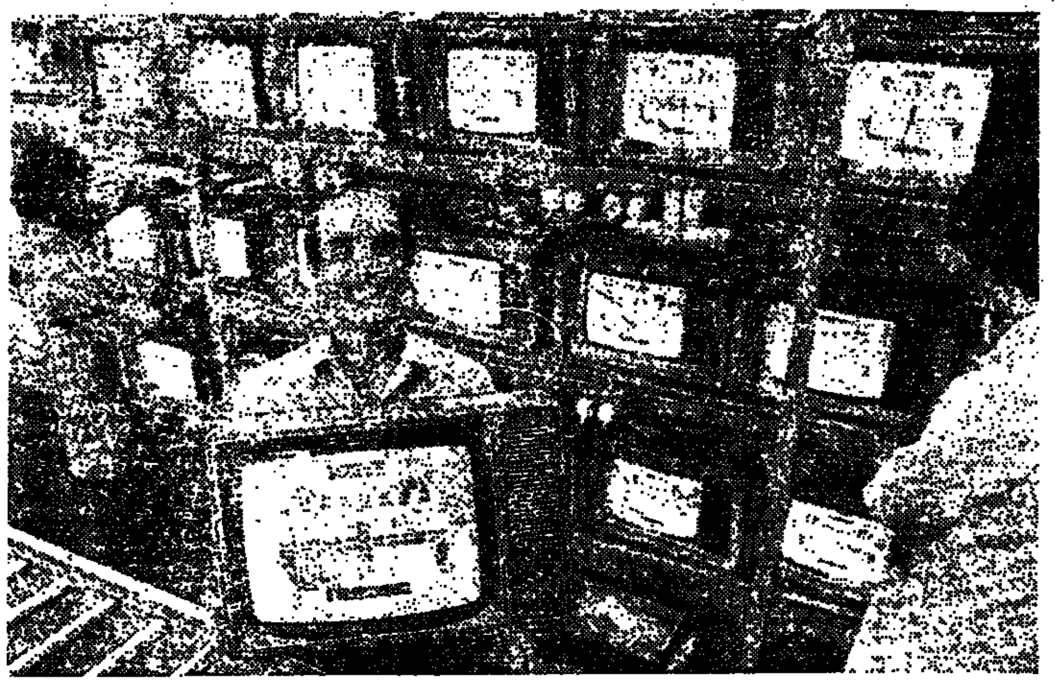
Fidelity's fightback comes into focus

Television manufacture saved the UK audio company. **Jason Crisp** reports that its future strategy includes today's decision to move into the video market

FIDELITY RADIO is a bit like an old biplane, reflected one analyst a little unkindly. "It is not likely to fly at a great altitude and from time to time the engine splutters to a halt leaving onlookers holding their breath — then suddenly just before it hits the ground it soars back into the sky."

Fidelity Radio is the smallest British company making televisions and the largest UK manufacturer of audio equipment — an area dominated by Far Eastern companies. Two years ago the company founded by the present chairman, Jack Dickman, just after the Second World War with his demob money, looked as if it had a very short future.

In early 1980 it sacked 100 of its total of 600 employees and put the rest on a three day week. At the time it was totally dependent on radios, tape recorders, music centres and other "mid-fi" audio equipment. The audio market had collapsed and shops were not restocking because of high interest rates and the lack of prospects in the market.



Steve Dickman: "I have a production floor making whatever is required with a common overhead"

Reputation

Sales in the year ending March 31 1981 fell to £17.7m and a trading loss of £2.7m incurred compared with a profit of £0.8m. The company's reputation fell even faster and its chances of survival looked slim.

When Dickman announced the sackings and the cutbacks the only hope seemed to lie in his plan to launch a black and white television later in the year. And that was not much of a hope—the great majority of small black and white televisions are mass-produced with considerable economies of scale and cheap labour in the Far East.

Against the odds, however, the television appears to have brought Fidelity back from the brink. Last month it launched a 20-inch colour television after a year's success with a small 14-inch colour set launched on the back of that first black and white TV.

Ironically Jack Dickman had for many years been contemptuous of making televisions in a small company. "Making televisions is a rich man's game," he used to say. At that time several British companies just had or were about to get out of the business, including Decca and Rank.

Steve Dickman, the eldest of the three sons on the board and appointed deputy managing director last year, appears to have been the instigator of his father's change of mind. He points out that Fidelity was obliged to introduce the black and white set first, because it lacked the credibility to persuade retailers to buy a colour TV. But he says it was always the intention to move up to colour televisions and he adds: "At the end of the rainbow there are videocassette recorders."

The first black and white television took six months to develop and was launched in June 1980. By August the company was back on a five-day week and by September it was rehiring staff. Early last year Fidelity—now with a proven ability in making black and white sets—began talking to its customers about a small 14-inch colour television with remote control at under £200, undercutting the market by around £30.

Initial plans to produce 15,000 sets between June and Christmas 1981 were more than doubled to 40,000 and in the end the problem was supplying the demand. Retail outlets include Rumbelows and Currys and the sets are also sold through mail order by Littlewoods and GUS. So, a company which three years ago made no televisions at all now derives half its turnover from them.

In the late 1970s after Hitachi was prevented from setting up a television plant in the UK, the National Economic Development Office (NEDO) commissioned a report from the Boston Consulting Group which concluded, among other things, that to get the benefits of automation and economies of scale a company needed to produce at least 500,000 sets a year. Today analysts say that figure would be nearer 1m sets.

Yet little Fidelity — which produced fewer than 60,000 colour sets in the past financial year ending March 1982 — is apparently able to defy conventional wisdom. Although the company made a £0.5m loss in th first half of the financial year, it is thought to have made a small profit in the second six months.

Automation

When Thorn EMI, Britain's largest manufacturer of TVs made a major revamp of its factories at Gosport in Hampshire, and Enfield, London, with automation and a substantial redesign of sets to reduce components, it cost £13m.

By contrast, Fidelity's entry into black and white sets cost £80,000 and into colour televisions another £30,000. Most of that cost was the design and development of test equipment. "The point is I don't have a TV factory," says Steve Dickman. "I have a production floor making TVs, radios and whatever is required, with a common overhead."

Part of that common overhead is two expensive automatic insertion machines which were originally bought for audio products. The two machines, costing £200,000, are used for mounting components on all the printed circuit boards (pcb) used in Fidelity's products, from music systems to televisions. Nearly 65 per cent of the components in the television pcb are put in automatically.

In a larger television factory a number of automatic insertion machines would be dedicated to producing boards for the sets. The cost at Fidelity is shared, in the sense that they are used for other products.

Another aspect of the Fidelity operation is the flexible use of staff, who are trained to switch from product to product. In the morning, for instance, most of the production staff may be making colour televisions, then, in the afternoon that line will be at a standstill and the effort is put into making audio racking systems.

Steve Dickman, 36, is increasingly taking over the running of the company from his father. Previously works director he has little time for the creature comforts many a deputy managing director seeks as essential. Jacket off, collar open and sleeves rolled up he takes an obvious delight in showing off the plant and emphasising the low overheads, only grudgingly admitting that administrative staff are necessary, an approach very reminiscent of his father.

In spite of the company's flexibility and low overheads it is already beginning to feel the pinch in black and white television where prices have been falling. Dickman argues that if transport costs are taken into account the Far Eastern suppliers must be selling at below cost.

Although Fidelity is committed to producing small black and white televisions until the end of this year it would seem unlikely to continue after that unless prices rise. And one close observer of the industry warns that Fidelity's initial success will be short-lived if it does not move up market as it will not be able to compete with "cheap and cheerful" products from the Far East.

One prospective problem is the expiry of the licences for the PAL colour television system next year which may open the gates for cheap colour televisions from Hong Kong, South Korea, Singapore and Taiwan and possibly others. However, there are moves within the EEC to provide some protection for its colour television industry.

Although Fidelity failed when it tried to move upmarket in audio equipment it intends to follow this route in television. Its chances of suceeding should be enhanced by the differences in the market. Whereas the TV industry is competing with a widening range of products, in the audio market it is basically quality that counts.

The first step was the recent launch of its 20 inch set and it is likely that it will launch a 22 inch model at some stage; this is the maximum size achievable on Fidelity's existing chassis.

Next year Fidelity plans to offer sets with teletext which enables the viewer to receive Oracle and Ceefax, the broadcast pages of information from ITV and BBC. The company will market a videorecorder by the end of this year from Sanyo, one of the Japanese licencees of JVC's best selling VHS format.

Hopes faded

Dickman adds that the company wants to manufacture video cassette recorders (VCRs) eventually, beginning with final assembly and test and gradually increasing the level of manufacture. (ThornEMI intends to make videorecorders at its Newhaven plant shortly.) Fidelity's original hopes to begin to make VCRs next year have faded. "Maybe 1984," says Dickman cautiously.

Fidelity is also trying to reduce its dependence on the UK market. At the end of March it won a remarkable £2½m order to supply both 14 and 20 inch colour TV sets to France from its distributor there, Distrimex. The set needed a substantial amount of redesign to meet the requirements of the French SECAM colour transmission system.

Fidelity was able to finance this through an initial order from the French company of about £0.75m before the set was designed, which paid for the development and enabled it to make the commitments for the components.

Although Fidelity remains reasonably bullish about the new relatively small audio business—for instance citizen band radio and the "mid-fi" music tower racking systems are seeing reasonable demand — its future is clearly tied to video products, a sector which has tripped many a company in the past. Further diversification is likely and Steve Dickman is attracted by the liberalisation of the telecommunications market, for instance.

Business courses

Perspective for Society and the Welfare State, Management Symposium, St Gallen, Switzerland. May 10-12. Fee: SwFr 1,350. Details from ISC International Management, Waisenhausstrasse 14, 9001 St Gallen, Postfach 706, Switzerland. Telephone: 071 22 00 80. Telex: 71271 MANAG CHV.

The Master Production Schedule—who needs it anyway? Harlow, Essex. June 29. Fee: £75 (plus VAT) members, £90 (plus VAT) non-members of the British Production and Inventory Control Society. Details from BPICS, 3 The Square, Sawbridgeworth, Hertfordshire.

Enterprises and the Risks they face in the 1980s, Paris. June 15-17. Fee: FFr 2,500 before May 15, FFr 2,700 after May 15. Details from International Federation of Associations of Business Economists, 1 rue Jules Lefebvre, F-75009 Paris, France.

Computers in Personnel, London. June 22-24. Fee: £250 (plus VAT) members of the Institute of Personnel Management and Institute of Manpower Studies subscribers, £270 (plus VAT) non-members and non-subscribers. Details from Institute of Personnel Management, IPM House, Camp Road, Wimbledon, London SW19 4UW.

BOARDROOM BALLADS

FRIENDS OF THE EARTH?

We little thought that things would end
With Opec seeming like a friend;
Or that we'd turn nostalgic eyes
To times when prices hit the skies,
And sing a eulogistic carol
For oil at forty bucks a barrel!

★

But then, at least, we stopped to think,
While teetering upon the brink,
That maybe there were ways to foil
The needless tyranny of oil;
And other methods worth the learning
To keep the wheels of commerce turning.

★

We even questioned was it worth
The raping of our Mother Earth
Or fighting never-ending duels
Like scavengers for fossil fuels,
And offering, in restitution,
A ravaged world and air-pollution.

★

And nature seemed prepared to prise
The scales from our myopic eyes
And show what energies were there,
In wind and water, sea and air,
More rich, for those with eyes to see,
Than all the oils of Araby.

We thrilled to prospects of the union
Of man and nature in communion,
Harvesting the winds and tides
And energy the sun provides,
With some more promising equation
Between our needs and conservation.

★

While even those whose vision ends
With forecasts of their dividends,
Were galvanised by leaping prices
To seek alternative devices,
And place, upon a changing scene,
Their money where their mouths had been.

★

But economics, with their crazy
Politics of whoops-a-daisy,
Look as though they'll stand instead
Our expectations on their head;
And, with the price of oil declining,
Liquidate our silver-lining.

★

If energy renaissance needs
The impetus of others' greeds,
Let us, on our knees, implore
The privilege of paying more!
And may this masochistic pleasure
Teach us truly what to treasure!

Bertie Ramsbottom

Next week: Corporate Trends

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Interest on unpaid rent

Could you tell me if as a landlord I am entitled to charge interest on late payment of rent?

A landlord is not entitled to charge interest on rent, unless the lease expressly provides for that to be done.

Avoidance of tax

Can you suggest an investment which could be made by a members' club which would avoid any Corporation Tax liability? At the present time the club reserves are invested with a building society and there would appear to be a liability to Corporation Tax of 40 per cent of the grossed up income less the tax deducted of 30 per cent.

The simple answer is to buy shares in a UK resident company whose dividends are exempt from tax under Section 239 of the 1970 Taxes Act. However, it is wrong to seek to escape corporation tax as an end in itself: you should compare after-tax yields, bearing in mind how long the money is likely to be able to remain invested.

Forfeiture of a lease

I have a property leased to a company which has just gone into liquidation. The lease is the usual FRI type and the directors act as guarantors for the terms of the lease including rent. The lease declares that in the event by the tenant of liquidation, bankruptcy or entering into any arrangement with its creditors or suffering any distress or execution on its goods the landlord can re-enter the premises and determine the lease without prejudice to any right of the landlord in respect of any breach of the tenants' covenants. Can you please answer (1) If the lease is determined by the landlord does this end the liability of the guarantors or are they liable until such time as the premises are relet? (2) Can the landlords prevent any assignment by the liquidator to another company or individual? (The lease has the usual proviso against unreasonable refusal by the landlord). (3) Is it necessary to apply to the court for a possession order if the premises are not vacated and the directors attempt to trade from these premises in the name of another company?

1—If the landlord forfeits the lease the guarantors' liability ceases on termination of the lease; but a guarantor may be in a position to seek relief from forfeiture.

2—The landlord cannot in practice prevent assignment to a respectable and responsible assignee, since the liquidator will cause the company to seek relief from forfeiture for the purpose of assigning the lease. It is better to call on the liquidator to elect whether to disclaim the lease or not.

3—It would be necessary to apply to the court in the circumstances which you describe.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Festival Hall

At the Boar's Head

Holst's Shakespeare opera compresses into one act the Falstaff scenes from *Henry IV* with two of the Sonnets and some extra verse from other sources. The music is a medley or mosaic of traditional English tunes *from Playford*, *Cecil* Sharp etc and some of Holst's own invention. That sounds like Englishry of the folksiest hue, but *At the Boar's Head* doesn't come out like that at all. What the Royal Liverpool Philharmonic's welcome concert performance on Monday revealed was *a* remarkable consistency of idiom with ultra-professional craftsmanship, the speed of true comedy and admirably transparent orchestration.

No one in his senses would try during a performance to guess which tunes are which. The melodies or snips of them slip in and out, often combined in ingenious but occasionally self-defeating counterpoint with overlapping words. Because most of the word-setting is so good, with the uninhibited Eastcheap chatter and abuse coming to vivid life on the singing voices, the contrapuntal over-indulgence is a pity. Typical of Holst to sin in such a way, when a Puccini would have held the action (to some effect) for a point of lyrical repose. Holst contents himself with tiny gleams of lyricism, and very *tantalising they* are.

Puccini is evoked because Holst's pace, rhythmic verve and harmonic pungency (especially his use of parallel triads) put one in mind of *Gianni Schicchi*, at least of a *Schicchi* written with a bareness not unworthy of Mussorgsky at his most truthful. Holst's method of working here to some degree resembles Falla's in *Master Peter's Puppet Show* written a few years earlier, though *the alchemy is not so* complete and there is nothing quite so original or successful as Falla's treatment of the Boy's music. Yet the *Boar's Head* is clearly not a dead letter. A first-rate staging—at the Snape Maltings, surely?—is urgently indicated.

The RLPO's performance under David Atherton was sharp and assured, with John Tomlinson as quick-tongued as *he was sonorous as Falstaff*, Elise Ross a surprising but not unintelligent choice for Hostess Quickly and Felicity Palmer a Cockney peach of a Doll Tearsheet. Philip Langridge was Prince Hal, excellent in his Sonnets, not always strongly enough projected in ensembles.

After the interval Mr Atherton tore into *The Planets* with such vigour that some of the timely ferocity of "Mars" spilled over into less appropriate regions. But there were compensations such as the distant voices at the end of "*Neptune*," *as exact as they* were remote.

RONALD CRICHTON

Elizabeth Hall

Gustav Leonhardt

by ANDREW CLEMENTS

The Dutch harpsichordist and organist Gustav Leonhardt made his British debut in a concert in Oxford as part of the first English Bach Festival in 1963. His return on Monday for the festival's 20th season was welcome: his playing has a stylishness and urbanity that demand close attention. His programme consisted, as one might expect for such an occasion, entirely of Bach, though it was a selection of an entirely unhackneyed kind.

Johann Sebastian shared the evening with his favourite son Wilhelm Friedemann, six of whose polonaises Mr Leonhardt included; *predominantly slow*, reflective pieces, quite unlike the heroic statements which the following century would make *out of the same dance model*. Mr Leonhardt clearly relished their delicate tracery and often intricate chromaticisms, though his desire for the more succulent rubatos did sometimes take the melodic line along indecisive tracks.

The same delicate patterning of the figuration was a characteristic of his performance of the elder Bach also. He made out a strong case for the E flat *Praeludium, Fuga e Ellegro* to be given as a harpsichord work, though contemporary evidence suggests it may have been intended for lute, even if his tempo for the fugue was too measured. The D minor Toccato and E minor Suite "aufs Lauten Werck" similarly counterpointed sedate tempi and most careful registrations.

But the lack of momentum in Mr Leonhardt's playing was most noticeable in his own transcription (into G minor) of the *D minor violin partita*. The arrangement is the epitome of discretion, adding the minimum of bass support here, a chordal *thickening there, and generally* resisting the temptation to provide a running left-hand part of its own. But the lack of physical attack made the performance seem a pale image of the original; some sharper rhythmic profiles might have worked wonders.

Visual art competition

Sainsbury's is to sponsor a new enterprise in the visual arts. Any work of art suitable for reproduction by photolithographic methods can be entered for "Images for Today." The eight winners will be reproduced, with the artist receiving a minimum of £1,000 in advance royalties, plus further rewards if the print sells over 1,000 copies.

The successful prints will be sold for under £3 in unlimited *editions, and there* is a chance that they will be marketed through Sainsbury's branches. They will certainly be available *in a touring show of up to a* hundred best entries which will open at the Graves Art Gallery Sheffield on December 5 and *then* tour major art galleries in the UK.

Sainsbury's is putting up £17,800 in prize money and the judges include Quentin Blake, Terry Frost and Carel Weight. The aim is to provide imaginative contemporary art which will be available to the public at low cost. The hope is that a wide cross section of artists—from students to established artists—will submit entries which should be on paper and not exceeding the overall dimensions of 20 in by 30 in. Full details of the competition can be *obtained from Kallaway Ltd*, 2, Portland Road, Holland Park, London, W11 4LA.

"Images for Today" completes Sainsbury's three-year Regional Art Sponsorship Programme which is costing the company £500,000. The other *arts covered are three new productions* for Kent Opera; support for the Sadler's Wells Royal Ballet tour; a tour by the Polka *Children's theatre; and the* Sainsbury's Festival of Choirs, which took place this month at the Royal Albert Hall.

ANTONY THORNCROFT

Cherie Lunghi and Michael Bryant in 'Uncle Vanya,' which opened at the Lyttelton Theatre last night

Television

No flair in the future

by CHRIS DUNKLEY

Two BBC 1 series are currently proving to anyone with doubts that umbrella titles cannot bring consistency to ill-assorted material. On the contrary, if you launch an umbrella series with a couple of stinkers you run the risk of putting the viewer off anything subsequently appearing under the same title; however much better or different the later material may actually be. *Play For Tomorrow* has been a near-disastrous failure, yet since the men responsible for it, Neil Zeiger and Chris Parr, previously produced two outstandingly good plays, *Too Late To Talk To Billy* and *My Dear Palestrina*, one is forced to doubt the umbrella system rather than their abilities.

When you think about it, the idea of asking six writers to create plays on one theme is highly dangerous: you deny the writer his normal individual freedom and box him into a collective and continuing series of productions, yet deprive him of all the cumulative advantages accruing to writers on real serials, even soap operas, of well-established characters and locales already known to a dedicated audience.

Despite all that, one might have hoped that *Play For Tomorrow* would work because the theme of an imagined future sounds virtually limitless. But futurist fiction on screen has to be mounted either very expensively as with *2001* and *Star Wars*, or with tremendous imaginative flair as with *Alphaville* and *Hitch Hiker's Guide To The Galaxy*. "Plays For Tomorrow" look as though they were done on the cheap (everything I have seen has been studio bound) and instead of the writing being imaginative, far too much has been shamelessly — perhaps because unconsciously — derivative. It must be hard to inspire directors and designers with such familiar stuff.

I wondered whether it was rose-tinted hindsight which made me feel that Faber's futurist short story collections from the sixties were far more original than anything in "Play For Tomorrow," but a quick browse through Best SF One and Two has proved my memory correct.

The other umbrella title is *QED* which has looked at electricity in fish and offered yet another programme about Richard Noble failing to break the land speed record in his jet car. The whole thing brings to mind a copy of Boys' Own Paper thrown together while the editor has a holiday.

★

It isn't that there is no good drama around at present, only that there is no one slot producing it consistently, so you have to hunt for it. BBC 2's "Playhouse" produced an unexpected ace in Desmond Lowden's *Jake's End*. The surprise was that anything fresh could be coaxed from a subject as hackneyed as violent crime pictured in the fashionable genre of ultra-realism. But watching this film (tellingly directed by Jim O'Brien on unfamiliar Southampton locations) the realisation grew that practically all the other thousands of television crime dramas have been about the police. Here was a crime drama about criminals. It did not lionise the central character, Jake, first lieutenant of Mr Big, nor call for sympathy; the criminal fraternity were shown convincingly as a pretty nasty lot. But they were also shown as an integral part of society.

Jake drank in the sort of bars that *Z-Cars* and *The Sweeney* have shown us, and hung around the familiar dingy garages. But he also went shopping and bickered with his wife, favoured G-Plan furniture and sought his lost youth in the fattening arms of an old flame, seduced to the strains of a 78 pop record. Only G. F. Newman's *Law And Order* has previously come anywhere near to showing as convincingly as this play that however immoral and disgusting they may be, bank robbers—as much *as Nazi torturers*—are, like it or not, still human beings.

Another rare treasure was Alma Cullen's *Northern Lights* from Scottish TV. It seemed at first as though it might be just a sentimental little lyric about a young university student at the *Edinburgh Festival falling* in love with his attractive middle-aged landlady. But it was turned into an unusual treat by the *author's wickedly accurate side*-swipes at middle class Scottish society, and by enthusiastic acting, especially from Annette Crosbie as an Edinburgh matron whose life is a tortured catalogue *of domestic minutiae*.

★

What programme consists of a competition organised by television with heats, semi-finals and finals involving a narrative thrust and suspense closely akin to that of *serial* drama: the choosing of a hero or heroine; and the competitive element screened in controlled bursts interspersed with interviews of the competitors by some famous "personality"? The answer these days seems to be every other programme in the schedules. In April and May alone I have seen the format used for:

Exploration (BB2's *Mick Burke Award)*
Classical Music (BBC 1's *Young Musician of the Year* and BBC 2's *International Young Musician of the Year)*.
Television Itself (ITV's *TV Times Top 10 Awards)*
General Knowledge (BBC 1's *Mastermind Champions)*
Fishing (BBC 2's *Hooked!)*
Pop Music (BBC 1's *Eurovision Song Contest)*
Snooker (BBC 2's *World Professional Championships)*

and tonight ITV will be employing the same formula yet again in *The 1982 British Beauty Championships*. This is only counting the bigger and more "serious" contests, of course. If you were to include the smaller and sillier ones *(Sale of the Century, Darts, Gambit* and so on) I *have a dreadful feeling* that the only programmes left off the list would be Open University courses and Falklands coverage.

With *Wogan* BBC1 may be onto something oddly original and, in television's own terms, very big. The talk has been of Terry Wogan replacing Michael Parkinson as a chat show host, but if Wogan can just keep going as he is, without sinking into the book and film PR racket, we could end up with something interestingly different.

Parkinson was an entirely conventional chat host and although it took years for him to reach the point where he could relax his grip on his clipboard enough to stop his knuckles whitening, his favoured method always remained the predictable question rolled under-arm across the studio floor to some revered guest.

Wogan on the other hand has *already proved in the brief* run of his show that he can chat without any crib. He has an endless supply of smalltalk. Sometimes his guest has no chance to start dealing with one lot before Wogan is pouring the next delivery over his head like treacle. You feel if given a clipboard Wogan might fan himself with it.

Before long, however, most of his guests discover that mixed into this smooth sweetness are all sorts of hard and sharp little bits and pieces. On the opening show Bruce Forsyth warned him "You can't expect your life to be one big peak—you'll learn," to which quick as a flash, Wogan replied with one of those huge smiles "What a nice old man." Without losing a jot of the smile or a tittle of the *blarney he then proceeded* to make a donkey out of super-agent Mark MacCormack's right-hand-man who is responsible *for* all the Pope John bric-à-brac.

The following week Wogan made David Frost look pretty *silly* too. *But here's his true* genius: Frost seemed quite genuinely to enjoy the process almost as much as we did. When *your interlocutor delivers his* barbs as charmingly as Wogan does the prey seems willing to jump at the bait. How fascinating if in place of the familiar sycophancy we are to have a little scurrility. The British chat show could be about to come of age.

★

If artists stopped painting pictures in the summer and directors stopped making films and orchestras stopped playing and writers stopped writing one could understand the decision to take *Omnibus* off the air. Since they don't one can only wonder whether the BBC's weird reasoning will shortly lead to a summer break for the *Nine O'Clock News*.

Incidentally while it is heartening to have an arts programme finally willing to go outside the boundaries of fine art and interest itself in those artefacts which surround all of us all the time—for instance, in our buildings—it is depressing to find that when they do so they fall straight into the familiar pattern of the whining social documentary.

There are quite enough series already where we can hear socialist diatribes being directed with much justice *against* commercial developers, without *Omnibus* sending Barry Norman around Thames-bank with Bob *Hoskins to make naive political* points. (What is a modern commercial development? "Sterilisation of the Thames by greed." but a Victorian commercial development which cuts off the river just as effectively? "Smashing aren't they, these old warehouses.") Of course *Omnibus* should cover Thamesside but why not — uniquely among all television's environment programmes—from an aesthetic point of view.

Dominion

Kid Creole

by MOIRA PETTY

Kid Creole is the stage persona adopted by Haitian-born August Darnell, a musical magpie who filches from every available source and sees life as a rehearsal for the most highly-coloured kind of Hollywood B picture. His 14 piece pop show, which splices calypso, *funk* and Reggae rhythm with disco dance music, whipping up a brash cosmopolitan cocktail, is such an exuberantly theatrical event that the influential New York director Joseph Papp, producer of the rock "Pirates of Penzance," wants to work with Darnell on a stage musical.

The Kid struts street-wise and slickly spivvish through a production which comes on like a movie *scenario*: Runyonesque pastiche meeting the Keystone Cops. His fall guy and side kick is a diminutive percussionist and rubber-legged acrobat "Sugar Coated" Andy Hernandez, a mobster in miniature, in zoot suit and hat. Spats and squalls break out between the two; egos are defined and crushed and when Hernandez comes off worse he lunges dramatically across the stage expressing his angst through his silently gaping mouth.

Chivvying and chiding the principals is the backing trio, The Coconuts, three candyfloss babes who shimmy and shake in a riveting non-stop series of dance sequences. They wear green sequinned bits of nothing, tulle fluttering around their waists to reveal bodies working in sharp synchronisation like marionettes.

Darnell is literate and knowing. Disco politics are disseminated; the pick-up provides an opportunity for a humorous essay *on table manners*. In all of this he is more New York than a bagel, but musically he is deliberately eclectic, allowing the rich loose style of Cab Calloway to swing through dance tunes or a rhumba to break through a ska number.

In a boldly commercial mood his newest material is rooted firmly on the disco floor but as he slips more easily into pop's mainstream there are signs that *he may soon see all this as* merely a diversion from Broadway or Hollywood.

Berlin theatre

The art of Comedy

Somewhere along the line in its development over the past decade into the most respected theatre on the German landscape, the Schaubühne Ensemble under Peter Stein recognised that, as a private theatre, a combination of tragedy and comedy would bode well for the future. That formula could be reduced even further to the Greek tragedy and the modern farce. *The Oresteia of Aeschylus*, for example, is vintage *Schaubühne*: an annotated translation of the text by Stein himself, a studied production amounting to a "seminar" in Greek stagecraft, and a clear reference to the human condition of the 20th century.

If the avid theatregoer on a visit to Berlin has not yet caught his landmark Schaubühne production since its première in autumn 1980, then he should do so without hesitation — indeed, it's well worthwhile returning for a second round of spaced evenings or the full seven hours on certain weekends. But it's no longer at the Hallescher Ufer location — the Schaubühne is now on Lehniner Platz, in the heart of the city on the Kurfürstendamm.

The new play on the schedule is Eduardo de Filippo's *The Art of Comedy*. Those who recall the Peter Stein production *of Eugène Labiche's The Piggy Bank* at the Schaubühne in 1973, a long-running hit, can anticipate the singular aspects of this Neopolitan farce written and performed in 1964/65 at the height of the playwright's fame, when tributes and awards were being showered upon him. For just as *The Piggy Bank* drew freely upon film versions by Rene Clair of Labiche's comedies for inspirational effect, so too Fred Berndt directed the Ensemble with an eye on the craft of folk-theatre as practised for centuries in the provinces of Italy.

Karl Ernst Herrmann's dollhouse stage can be found in *graphic* miniatures on the poster-programme, the contents of which highlight de Filippo's career and the founding of his own Teatro Umoristico I De Filippo in 1931. It's also significant that the company chose a play that serves to analyse the magic of the modern farce—there's as many clues here as to be found in Ben Travers's *Vale of Laughter*.

The farce is always in good hands among certain veteran actors in the Ensembles: Werner Reham, Elke Petri, Wolf Redl. Reham is outstanding as the civil servant newly banned to the provinces; Petri is also a stitch as a teacher with every hang-up imaginable; and Redl plays his role of a wandering theatre director to the hilt.

The twist in this farce occurs early on: a list of the appointments on the day's schedule falls accidentally into the hands of the theatre director, who may, or may not, be using the information to send his troupe into His Excellency's Presence one at a time to get the last laugh.

The trick is to detect real misery from sham tomfoolery—to the point that the visits of the town's lawyer, priest, teacher, and other distraught personages cascade into a choking death-act on stage-centre.

There are other laughs in the course of the evening too: Certain lines uttered by the civil servant apply equally to the bane of *Beamtentum* in the Bundesrepublik Deutschland too—well as they should, to qualify as modern farce at all. The audience rocked with laughter at the verbal puns, more so than even the minutely timed visual gags.

RONALD HOLLOWAY

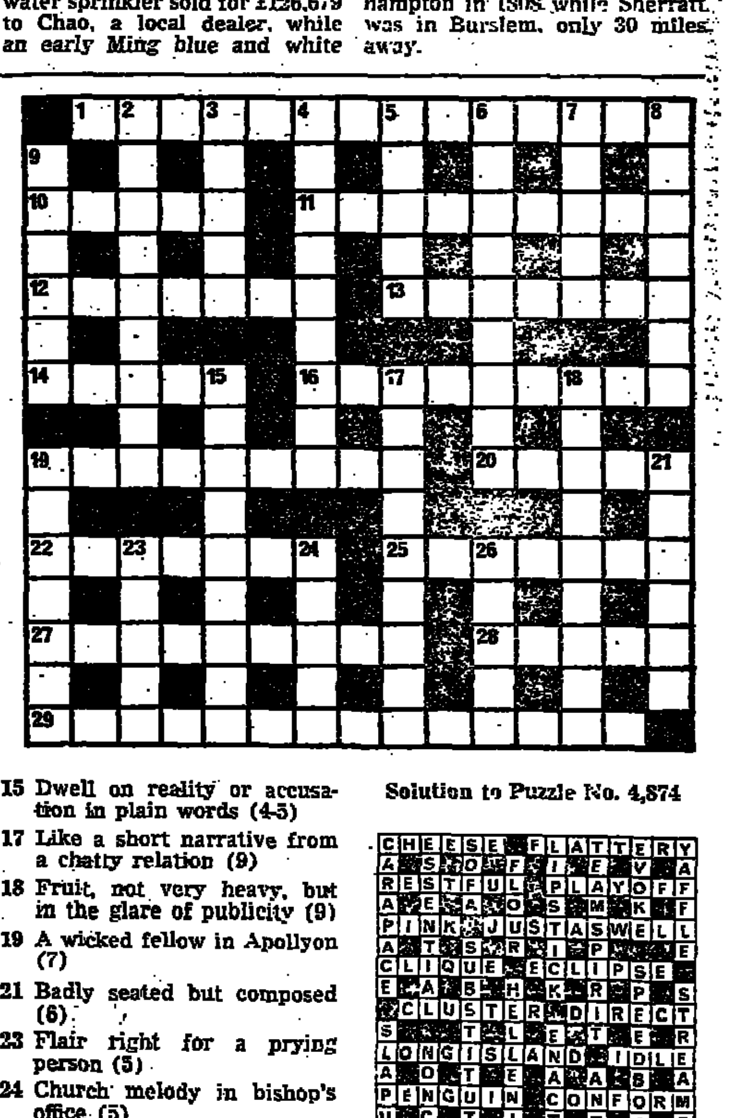
High prices for Ming

Sotheby's sold in Hong Kong yesterday the Frederick Knight collection of 43 lots of Chinese ceramics and lacquer for 10,319,100 Hong Kong dollars (£990,307), with a modest 4 per cent bought in. The saleroom is now quoting aggregate prices, to which must be added VAT on the buyers' premium element (a small addition).

A Ming blue and white rosewater sprinkler sold for £126,679 to Chao, a local dealer, while an early Ming blue and white bowl realised £105,566. An early blue ground blue and white dish of the Yuan dynasty went for £95,910 and a blue and white leys jar for £52,783.

In the London English pottery and porcelain sale an elaborate Staffordshire group of the Polito's menagerie, probably by Obadiah Sherratt sold for £9,020, ten times the forecast. The menagerie visited Wolverhampton in 1808 while Sherratt was in Burslem, only 30 miles away.

F.T. CROSSWORD PUZZLE No. 4,875



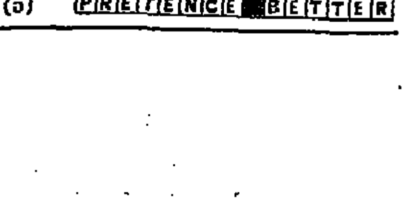
ACROSS

1 Fruit the Cockney takes to bed? (6, 3, 5)
10 Money we hear and a place to hide it (5)
11 Mary admits it all in the way of conjugal bliss (9)
12 Socialist's receiver is brittle when very hot (7)
13 *Mammal from* the east is caustic (7)
14 Cane and smart (5)
16 Drink vendor should make a pile (9)
19 Swabian dance given by German in Paris (9)
20 Quantity of money I'm returning for a mocking-bird (5)
22 A fly I caught could be related (7)
25 Roughly cut a pack of cards and played first (7)
27 Debater turns up in remote surroundings (9)
28 Pig got in back to front (5)
29 *Scottish breathers* make a glowing display (8, 6)

DOWN

2 Cram a bit, and soldiers don't like it (4-5)
3 Subject in a Belgian city (5)
4 The devil about to spoil one charitable person (9)
5 A fish to cherish (5)
6 Fuel producer let me pour this mixture (9)
7 A song that's awry in Scotland (5)
8 Unscrupulous practitioner is to toss the rest around (7)
9 Genus of fish making a mark on us (6)
15 Dwell on reality or accusation in plain words (4-5)
17 Like a short narrative from a chatty relation (9)
18 Fruit, not very heavy, but in the glare of publicity (9)
19 A wicked fellow in Apollyon (7)
21 Badly seated but composed (6)
23 Flair right for a prying person (5)
24 Church melody in bishop's office (5)
26 Caught fish to hold on to (5)

Solution to Puzzle No. 4,874



FINANCIAL TIMES
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Upheaval in the EEC

THE EUROPEAN COMMUNITY is now at a major turning point. By a majority of seven to three, the member states have pushed through this year's farm price increases, and by over-riding Britain's imagined veto have deprived it of the leverage by which it hoped to secure an acceptable rebate for its excessive contributions to the Community budget. Potentially the Community is now in its most serious political and constitutional crisis since 1966. It may be tempting for Mrs Thatcher to look for the strongest and most immediate weapons of retaliation she can lay her hands on. But prudence, the competing pressures of the Falklands crisis, and the long-term interests both of Britain and of the Community at large, argue for a longer-term strategy. If Britain is to turn a potential into a real crisis, let it be at a more appropriate moment.

There is nothing wrong with majority voting, as such. On the contrary, the Treaty of Rome expressly provides for it, not in order that individual countries should regularly be outvoted, but in order to provide an incentive for compromise. In the greater diversity of interests of a Community of 10 countries, majority voting is even more desirable. It was the French government under General de Gaulle which, in the 1965-66 crisis, demanded an end to majority voting; and while so-called Luxembourg Agreement was not an agreement, but rather a formal statement of a continuing disagreement on this issue, the Community was so bruised by the experience that in practice majority voting was abandoned on all but the most nugatory questions. This French assault on the Treaty of Rome did more than anything else to ensure the stagnation which has afflicted the Community ever since.

Insensitive approach

On the most general grounds, therefore, the revival of majority voting could only be welcomed if it had taken place as a result of a measured decision to revise if not abolish the Luxembourg Agreement, in principle, and as an expression of what in more idealistic days used to be called the Community spirit. This is not what has occurred. There has been no consensus on the legitimacy of majority voting—of its formal legality there can be little doubt—and the vote has been pushed through as a *coup de force* against the wishes of the British Government. In these circumstances it amounts to an act of brutality which risks provoking the most violent and most destructive reactions.

The British people, and successive British governments, must bear some of the blame that things have come to such a pass. Neither Westminster nor Whitehall thinks naturally in European terms and while Lord Carrington made the most of the foreign policy opportunities of Community co-operation, Mrs Thatcher's approach to more mundane issues, such as the British share of the budget, has often been insensitive and counter-productive.

Nevertheless, in terms of natural justice, the British Government has less to apologise for in the current crisis than its seven partners, who may be said to have welshed on an unmistakable bargain. When the Commission produced its long-awaited mandate package just under a year ago, it was recognised on all sides that the component elements of the programme were organically linked together: farm price increases together with steps to reform the common agricultural policy and curb surplus production, a better balance between Community spending on agriculture and on other headings and a settlement of the dispute over Britain's disproportionate share of the costs of the farm policy. If unsaleable farm surpluses were contained, or better still reduced, the costs of the farm policy would go down; if there were a substantial reorientation of the budget towards the social and regional funds there would be a correspondingly smaller need for direct budgetary compensations to the UK.

Political nonsense

Yet in practice what has happened? The farm ministers have swept aside the Commission's half-hearted proposals for controlling surplus production; there has been no substantial re-orientation of the spending priorities of the budget, and the farm ministers have now voted price increases which, though they may not be unreasonable against the background of several years of falling real agricultural incomes, can only be counted on to increase the surpluses, and thus the wasteful costs, for which the common agricultural policy is responsible. Through public protests and demonstrations, the continental farming lobby has got its way; the only chapter which remains unresolved is the problem of Britain's budgetary contributions.

If Mrs Thatcher's approach to this problem has too often been hectoring, that of her continental counterparts has too often been smug, self-righteous and short-sighted. It is true that Britain is seeking changes in the budgetary rules; but it is stupid to argue that rules drawn up before Britain joined can have a sacrosanct validity which overrides the purpose for which the Community was created. The idea that these rules should bring about a net transfer of resources from a relatively poor country to relatively rich countries is political and economic nonsense. Will the farming countries also insist that Portugal makes a net transfer when it joins?

Cool thinking

Some have argued that Britai should have sharply reduced its budgetary demands, in recognition of the solidarity shown by the other member states over the Falklands crisis. That solidarity was important and valuable. But if Community support on a political issue of principle, whose repercussions are still alarmingly unpredictable, is up for sale, it is not worth very much. In any case, the alacrity with which Britain's partners initially supported economic sanctions against Argentina was being publicly regretted by some member states within a fortnight, and Sunday night's extension of these sanctions for a mere week may suggest to Argentina that practical support for Britain is slipping away.

Nevertheless, this is a time for cool thinking, and not for hasty over-reaction. It would be better, on the one hand, calmly to pursue the demand for a long-term arrangement over the budget, to be negotiated by the end of the year; and on the other to make it absolutely clear that, since yesterday's majority vote, Britain would feel entitled to take unilateral action to ensure a satisfactory outcome—by withholding payments—if the other member states are not prepared to negotiate it.

VIDEODISCS

Gambling for high stakes

By Guy de Jonquieres

BRITAIN is about to become the European testing ground for one of the biggest commercial gambles ever taken by the consumer electronics industry. Next week Philips, the large Dutch group, will launch in London the first videodisc home entertainment systems to go on sale on this side of the Atlantic.

Philips and its major international competitors will be watching the response of British consumers very closely. For in spite of huge investments in developing the technology, it is far from clear whether videodisc systems will attract a mass market, as their manufacturers hope, or will turn out, as others in the industry believe, to be a humiliating flop.

Videodisc systems are, in many respects, the audio-visual equivalent of the gramophone. They are designed to play back moving pictures and sound on a television set. But unlike increasingly popular videocassette recorders (VCRs), they can only reproduce pre-recorded material and cannot be used to record broadcast television programmes off-air.

Enthusiasts claim that they more than compensate for this in other ways. Picture quality is superior to VCRs and stereo sound is available. Videodisc systems also boast convenient controls, which make it possible to freeze a frame and select a particular track quickly. Some models have "interactive" two-way communications features which enable them to respond to a variety of instructions from users. These suit them to applications like educational programmes and video games.

Manufacturers of videodisc systems—the audio-visual equivalent of the gramophone—hope that they will equal the success of video-cassette recorders as a popular home entertainment product. Several hundred million pounds have been spent developing three rival systems, one of which, the Philips LaserVision, pictured right, will be launched in London next week. But videodisc sales in the U.S. over the past two years have been disappointing and it is far from certain that a mass market will develop soon.

Making the discs proved harder than IBM expected

More than £200m has been spent on developing the Philips "LaserVision" system, which will sell in the UK for £450-£500. At least as much again has been invested in two other, competing, systems pioneered by Victor Company of Japan (JVC) and RCA, the diversified American electronics, broadcasting and entertainment group.

Videodiscs first appeared on the U.S. market more than two years ago. But in spite of intensive promotion, the results so far have been discouraging. RCA, which boldly predicted sales of 200,000 players last year, ended up selling only 105,000. Last February, it slashed their list price to \$350 from \$500 in a bid to stimulate demand.

Philips, whose machine sells for \$600, will not disclose exact figures. Mr John Messerschmitt, its U.S. vice-president in charge of videodiscs, says that by the end of last year 75,000 players had been sold by Philips and Pioneer of Japan, which makes LaserVision under licence. But a good number of them is believed to have been bought by businesses for professional use, not by consumers.

Cracking the videodisc business has defied even International Business Machines, the world's biggest computer supplier. Three years ago it set up a joint venture, Discovision Associates, with the American entertainment and film company, MCA, to exploit the technology. But making the discs proved harder than expected. After investing an estimated \$250m in the venture, they sold out to Pioneer last February.

Pioneer's own sales in Japan have fallen well below its target of 4,000 players a month. Other Japanese manufacturers which have made sizeable commitments to videodiscs are having second thoughts. Both JVC and Matsushita Electrical, its parent, have postponed indefinitely plans to start selling systems on their home market.

They blame weak demand for consumer electronics products. Some in the industry suspect that Japanese companies are worried that videodiscs will provide damaging competition for VCR sales, which are showing signs of faltering after several years of vigorous growth.

Sony, one of Japan's most successful manufacturers, is openly sceptical about whether videodiscs will ever catch on as popular consumer products. Last year, it expressed its doubts in a series of advertisements in U.S. newspapers. On one page, under the headline "The Tale of the Videotape," was a mass of densely-packed text. The opposite page, headlined "The Story of the Videodisc," was almost entirely blank.

But Sony is selling in the U.S. a sophisticated and high-priced videodisc system designed for specialised professional uses.

None the less, Thorn EMI which already sells and rents VCRs made by JVC in Japan, says that it aims to start distributing JVC's VHD videodisc system in Britain next autumn. The UK launch of the VHD system has already been twice delayed.

Philips still believes that videodiscs will prove a success but has set only cautious targets for their British debut, which will be backed by a £2m promotion campaign. Sales will be limited initially to the London area and will not be expanded nationwide for at least a year.

"It will be a slow burn which could catch fire at any moment, once consumers understand what the systems offer," says Mr Jimmy Dunkley, head of Philips' UK videodisc operations. He hopes that Britain's extensive television rental industry will provide an important outlet. He expects at least a third of Philips players to be rented, for about £16 to £18 a month.

The players will be imported from Belgium and the discs will be pressed at a £10m plant in Blackburn, Lancs. Quality control problems at that plant have already caused substantial delays in the LaserVision launch, but production is now said to have reached satisfactory levels.

The initial disc catalogue will consist of about 70 titles. Most will be feature films, including recent releases like Chariots of Fire and old favourites like The Sound of Music, as well as classical and pop music, sports and documentary programmes. Each disc will contain a two-hour programme and will sell for about £18.

The recent mood of anti-climax which has settled over the videodisc market may be due partly to the extremely optimistic sales targets set, in particular, by RCA. Some in the industry blame the last chairman, Mr Edgar Griffiths, for being too keen to show that he was as adept at steering RCA into new growth markets as he was at axing existing businesses which performed poorly.

Viewed against a longer-term perspective, some argue, videodiscs' showing has not been all that bad. The 105,000 players which RCA sold last year compare with 5,000 colour televisions sold in the U.S. in 1954, the first year of production, and 34,000 VCRs sold in 1974, the launch year. This year, about 11m colour sets and more than 2m VCRs are expected to be sold in the U.S.

Furthermore, disc sales have exceeded RCA's expectations. Owners of its CED players have bought more than 30 discs each on average, about three times more than forecast.

As an entertainment medium, videodiscs' claim on consumer spending rests heavily on the fact that they are priced to sell at about half as much as pre-recorded videocassettes. But it remains to be seen whether that advantage can be sustained against the increasingly widespread rental and illegal cut-price pirating of cassettes. The advent of subscription television via cable and satellite in Britain could also provide keen competition.

In the longer term, enthusiasts hope that videodiscs will evolve into a distinctive medium, offering features available on no other video format. They are excited about the possibility of putting on videodisc educational programmes, teach yourself courses, electronic games, even illustrated books and magazines.

Little suitable programme material is yet available for the consumer market. But specially-programmed videodiscs have begun to make an impact among business and institutional customers. In the U.S. General Motors and Ford have bought a total of 14,000 videodisc players for staff training.

EDGAR GRIFFITHS
Too optimistic?

At GM, trainees select an instruction programme. After it has been screened, the machine displays questions and invites trainees to tap in "yes" or "no" answers. If these are correct, the player moves on to the next part of the course. If they are wrong, it plays the same programme again.

Such applications could provide an important market for videodiscs in the longer term. But they are a world away from the tantalising promise of mass consumer sales which originally attracted many manufacturers to the business. Perhaps that promise will still be kept, though it looks increasingly as if those companies hoping to cash in on it will have to be prepared for a long hard struggle ahead.

A choice of three incompatible systems

RIVALRY IN the videodisc market has produced three types of system designed to different and incompatible standards. Though they may share some of the same programme material, discs made for use on one type of system cannot be played on the others.

Technically the most sophisticated, versatile and expensive system is Philips LaserVision. It uses an optical disc on which the information needed to create moving pictures and sound is recorded in the form of billions of tiny reflective pits embedded in the surface and shielded by a protective coating.

The discs, which are almost indestructible, are scanned by a laser beam as they revolve. The Philips system is particularly suited to "interactive" two-way applications and can be pre-programmed to respond to a range of instructions from the user. For instance, it can be used to test students by posing *questions* and checking the answers.

RCA's CED system was designed to be inexpensive to manufacture and offers few frills. Current models do not offer stereo sound, freeze-frame or the inter-active facilities available on LaserVision.

The RCA disc also contains tiny pits. But they are indented on the surface and are tracked by a pick-up stylus which is guided by a microscopically fine spiral groove. The stylus is equipped with an electrode which senses the different pits by changes in electrical capacitance.

Because the disc can be easily damaged it is stored in a sleeve or "caddie" which is loaded into the player through a slot. The machine removes the disc from the caddie and replaces it after play so that it is never touched by hand.

In both technology and cost, the VHD system developed by JVC occupies the middle ground. Like the RCA system, it uses an electrically conductive disc which is read by a stylus and is stored in a protective caddie. But instead of following a groove, the stylus is guided by electronic servo control.

Men & Matters

Family man at Jardines

A family note is to be struck amid the 150th birthday celebrations being staged this year by Hong Kong trading conglomerate Jardine, Matheson. Joint managing director John Heywood has decided to leave the group at the end of July. His successor is expected to be Simon Keswick, 40. He is a descendant of the Jardine half of the original partnership and is the younger brother of Henry Keswick, the former Jardines chairman who has now returned to run Matheson and Company, the group's London arm.

The Keswick family remains a substantial shareholder in Jardines, and has three members on the Board—Henry, Simon, and their uncle Sir John Keswick.

Simon Keswick is a fourth-generation company man—his great-grandfather William Keswick was the son of Margaret Johnstone, a niece of founding father William Jardine. Simon's 20-year progress through the ranks has been keenly watched, and his promotion will inevitably quicken long-standing rumours that he will one day succeed present chairman David Newbigging.

His past postings include Japan, Singapore, Europe, Australia and Hong Kong, and so it is appropriate that his new job will carry responsibility for overseas operations.

John Heywood, meanwhile, leaves the fold at 44 with no fixed plans other than to return to Britain. While the Keswicks are rooted into the Hong Kong soil, Heywood's foray east was more capriciously inspired. While working in London for Courtaulds back in 1962, he saw Bob Hope and Bing Crosby's "Road to Hong Kong" at the ABC cinema in the Fulham Road, London, decided to up sticks, and landed a job with Jardines. "I saw the film on a Sunday," he recalls, "and by Wednesday I'd signed up."

Heywood says his leaving Jardines is motivated by a desire to get stuck into something new while he still has ample time to do it. His steeping in Hong Kong's frenetic pace of work—10-hour days and Saturday working are commonplace—should give him a head start back home.

Simon Keswick was unwilling even to confirm his new job yesterday. But Heywood has no doubts about his successor. "Absolutely the right man for the job," he says. "Very, very talented, and if he were not a member of the family he would still have got it."

Radio bores

Citizens' Band radio has not taken Britain by storm since it was made legal last year. Some companies have warehouses full of sets they cannot sell.

Yet it has been given a warm welcome by a breed which, I confess, mystifies me, People Who Organise Others. They have taken to CB as an impressive new weapon to add to their armoury. It is rare these days to see a self-respecting organiser without a two-way walkie talkie in his or her hand. They hiss, crackle and chatter at horse shows, flower shows, sporting events, art exhibitions, museums, and even at village fetes where George is usually within old-fashioned shouting distance.

Most sets have a sinister control knob marked squelch. Who or what suffers when it is turned I dread to think.

At a posh ceremonial occasion in London this week every public relations person—and they were numerous—had a CB radio. Lots of communication was carried out. Clearly much innocent pleasure was derived from it.

But one young PR-chick was a bit dim as to the true function of her set. "I say," she piped shrilly into her microphone. "Get off the line. All you people hang up. I'm ringing my boss. You're on a crossed line."

Howe accounts

I know some rare birds who pull out Bank of England cheque books, and Coutts accounts have style, although that bank is now a subsidiary of one of the big four. But where does the Chancellor of the Exchequer keep his piles? Sir Geoffrey Howe is a Barclays Bank man, it is now revealed, and has been for many years.

He disclosed this hitherto private side of his life last night at the Building Societies Association dinner when he thanked the association for stirring up the British banking scene. "I acknowledge your help in opening my bank on Saturday mornings," he said.

Bible backing

A new Biblical epic is likely to be the most expensive story ever told. The U.S. film Heaven's Gate is the costliest cinema film yet made at some \$40m. It will look cheap, however, against the new video production which will cover the Bible in its entirety and will "come in" as Hollywood says, at an estimated \$200m. The production schedule will run until 1993.

The first instalment of what promises to be a lifetime of Biblical viewing was launched in Britain yesterday with the Book of Genesis and the Gospel of St Luke, packaged in a set of 33 volumes of films, maps, and teachers' guides. They are selling at £125 an episode—a mite more expensive than the printed word.

The work, which will eventually last 225 hours, is the inspiration of John Heyman, aged 49, the film producer who is also heavily involved in film financing.

The idea came when he and Chiam Topol, the actor, were asked by David Ben Gurion, the former Israeli prime minister, to consider how a Biblical institute could be financed in Israel. The project fell through but the initiative sparked off then resulted in what became known as the Genesis Project.

Heyman modestly admitted yesterday to having "a certain ability to raise money." He said, "The project is not just a Bible translation. Each chapter comes with a lecture on the archaeology, sociology, and philology of the Holy Land."

Heyman says he will not personally see any money from the project because of the length of the production period—but his grandchildren may benefit. A number of companies including CEMP Investments, and the First British Bank of Columbia are also backing it as a long-term investment.

Media exposure of a heavenly project can have its problems. One clergyman connected with the production was irate at being quoted in an evening newspaper as saying that the hundreds of Israeli extras were "unusually attractive." He sighed recalling the incident "I only said they were unusually attentive."

Big fiddle

As the flower people headed from Sloane Square towards the Chelsea Flower Show yesterday they passed a violin-playing busker. A card was pinned to his coat: "Delusions of grandeur to support."

Observer

EUROPE'S PEACE MOVEMENT

The spirit spreads East

By Our Foreign Staff

THE KREMLIN must be taking considerable satisfaction from a "peace conference" staged in Moscow last week and the well-publicised attendance there of Mr Billy Graham, the American evangelist and a man who once said of the Soviet Union: "the devil is their God, Marx is their prophet and Lenin their saint."

The presence in Moscow of Mr Graham, despite strenuous White House efforts to dissuade him from going, is highly symbolic to the Soviet Union. It is taken as evidence that the anti-nuclear movement which spilled on to the streets of Western Europe last year has now crossed the Atlantic to the U.S.

The Soviet Union clearly has cause to like peace movements—but only when they are in the West. Recently, Soviet leaders have grown apprehensive that the peace contagion may be catching and spreading East. Commenting on the emergence of genuine, unofficial peace movements in Eastern Europe, particularly East Germany and Hungary, the foreign affairs weekly New Times, ascribed these to Nato attempts to "provoke in the socialist countries an inverted version of Western protest movements."

Yet it was more or less inevitable that there should be some spillover of the Western peace movements into the East, particularly East Germany where people can pick up Western broadcasts at the flick of a radio or television switch.

These East European viewers must have been startled last June to see on West German television news Chancellor Schmidt being shouted down by young people chanting "Abrüstung" (disarmament) when he tried to address the Protestant Evangelical Church Congress in Hamburg. This was how the peace movement burst on the West German scene.

The churches took the lead in the West German movement. One of the oldest pacifist groups in the German Protestant Church, Aktion Sühnezeichen, created a slogan which is now as well known as any advertising jingle: *Frieden schaffen ohne waffen* (create peace without weapons). The slogan, displayed as a car sticker, at first often subjected the driver to derisive taps on the forehead from his fellow West Germans, but the mood soon changed.

By last autumn the movement could field 300,000 demonstrators and had won wider sympathy. President Reagan will get a first hand taste of this growing West German anti-war mood when he visits the country next month.

East Germany's disarmament movement also had religious roots. It was born at a peace forum last year held by the Protestant Evangelical Church, the country's sole organisation (apart from the smaller Catholic Church) which is not under government control.

Young Christians at the forum adopted the biblical phrase "*swords into ploughshares*" as their motto and distributed an emblem which followed up this theme, showing a statue of a man beating a sword. The East German authorities were not impressed. Young people who wore the emblems on their clothing were ordered to remove them or face expulsion from school and jobs.

Many of the wearers were young men who had previously petitioned the Church to press for an alternative to military service, a "social peace service." East German conscientious objectors are only given the choice of serving, without a weapon, in a military construction unit.

When the East German *Protestant Church protested to* the Government over the "militarisation" of society and the harassment of peace symbol wearers it was reminded of the apolitical role it agreed to at a 1978 meeting of reconciliation between East Germany's leader, Herr Erich Honecker, and Church officials. There is a deeply ingrained tradition among the East German church hierarchy that the Church must not get involved in secular affairs, a view not shared by a number of younger pastors.

One of them, Rainer Eppelmann, who bears a striking *resemblance to* Vladimir Lenin, is a youth pastor in East Berlin. Last February Pastor Eppelmann broke every taboo in the Church's rule book by issuing a highly political disarmament petition which he called the Berlin Appeal. It demanded the removal of all nuclear weapons from Germany and the conclusion of a peace treaty with *Bonn and East Berlin* by the four World War II allies. This was to be followed by the withdrawal of their "occupation troops" and a guarantee of "non-intervention" in the internal affairs of the two Germanies. The Pastor also called for a halt to all "demonstrations of military strength" in East Germany and the replacement of military instruction in schools with "peace *instruction*." Pastor Eppelmann was taken into custody and interrogated for two days by the State security service.

Most of his fellow churchmen labelled the Pastor's demands as "utopian" and, with 480,000 Soviet troops in the country, the majority of his fellow East Germans, but not all, appeared to agree.

It is difficult to gauge the support for the peace movement but 5,000 young East Germans gathered in February in Dresden's Kreuzkirche for the first peace demonstration in Eastern Europe. The Church *in Saxony had firmly backed* young men in the region seeking an alternative form of national service.

The East German leadership has reacted to the peace movement as if it was a major threat to its stability. President Erich Honecker loudly proclaimed that 13 million East Germans (out of 17 million) had signed the Government's appeal for peace in 1979 and that "when we say peace we mean it."

East Germany's youth organisation (FDJ) has put out a *counter slogan*: "Peace must be defended—peace must be armed." But young East Germans who have had their peace emblems ripped off their clothing by the police have refused to submit. They now *wear unadorned white squares* of cloth in their place.

Even in relatively liberal Hungary two conscientious objectors were last month given prison terms of 30 months and five years. The churches have *generally provided the mainspring* of anti-war sentiment in Eastern Europe, though the strongest church of all, the Polish Catholic Church, has been totally preoccupied with that country's internal problems, and any peace movement would not be easy to organise under martial law.

In maverick Romania, the peace movement is actually government policy. President Nicolae Ceausescu has made speeches, organised conferences and held official demonstrations, all *in favour of* nuclear disarmament by both East and West. This is all the more remarkable since Mr Ceausescu *practises what he* preaches: Romania is the only Warsaw Pact country which has been reducing its defence budget. But this has virtually no wider effect in the Communist bloc.

For the moment, the Kremlin leadership can be confident that their own Soviet "peace movement" will not get out of *hand*. There has been a Soviet peace committee since 1949, but it bears as much resemblence to spontaneous peace committees in the West as the Supreme Soviet bears to a Western parliament. The committee is headed by Mr Yuri Zhukov, senior foreign affairs commentator for Pravda and a member of the party central committee.

Soviet television recently showed a peace march in action. All the banners were neatly *printed classics* of standard Soviet propaganda and the disciplined columns of marchers paraded through carefully cleared *streets* for the benefit of cameras. The peace committee even printed an advance schedule *of forthcoming peace* demonstrations in various Soviet cities, including the exact number of participants in *each march*.

The Soviet Union also plays host to innumerable peace conferences, the current one under the imposing title "Religious workers for the salvation of the sacred gift of life from a nuclear catastrophe." It *has* been officially sponsored by the state-controlled Russian Orthodox Church. One British cleric described its proceedings as "intellectually feeble and politically fawning." That is probably just how the Soviet leadership would like its peace movement to remain. Whether it will stay passive if genuine *peace movements spread in* Eastern Europe is another matter.

Research by Leslie Colitt in West Berlin, David Buchan in London and Anthony Robinson in Moscow.

West Germans protesting against U.S. nuclear policy.

The Falklands

Appeasement is not an acceptable policy

By Maurice MacMillan, MP

IT NOW looks as if all attempts to get the Argentines out of the Falkland Islands by diplomatic means will fail. For what they are still demanding is not legitimate compromise over conflicting interests but shameful surrender of vital principles — now and in the future. There are two points of principle on which there can be no compromise: first, that aggression must not pay; second, that self-*determination must not* be abandoned. Any real concessions on *these* points would wreck national unity, shatter our new-found *self-confidence* and destroy the credibility of the British Government at home and abroad.

That is why it was necessary to send the Task Force in the first place; not only to strengthen *our negotiating position*, but also to liberate the islands by force if a peaceful settlement could only be brought by virtual surrender to Argentine aggression.

Nevertheless the Government was *right* to negotiate, although negotiation inevitably means compromise. But the extent to which compromise is justifiable depends, at least in part, on how much "movement"—to use a trade union term—the other side is willing to make. There were three main points at issue in the negotiations on which the Government was *willing*, perhaps too *willing*, to make concessions. Now it seems that even these have been rejected, and no significant concessions offered in return by the Argentines.

But these three main points will *remain at* issue both in the negotiations which must in the end be undertaken to achieve a longer-term solution, and in any negotiations which might be continued in order to obtain a ceasefire—even after *the British reoccupation of the* islands by invasion has started.

● First, sovereignty. It is not possible to negotiate about the *present* sovereignty of the islands; but we need not demand that Argentina abandon *her claim—for we cannot deny* that in the past we have been willing to negotiate about it. We can, therefore, agree to discuss possible changes for the *future*; but only if Argentina agrees to start negotiations without any sort of actual or implied guarantee over the outcome — least of all with the certainty that she will ultimately have absolute sovereignty over the islands and the islanders.

Whether the immediate future of the islands is settled *by diplomacy or by force*, these longer-term negotiations will take some time — certainly longer than Britain can maintain *her Task Force in the South* Atlantic. Once it has withdrawn and economic sanctions have been removed our sole lever will be whatever British force remains in the islands.

● Second, administration. We *have responded to* the illegal invasion and use of force by Argentina by saying that this illegal use of force must not succeed. The danger of a negotiated interim administration must be that the arrangements themselves imply that Argentina will be the sole ultimate administrator—come what may. This danger is obviously less once Britain has reoccupied the islands—but it will still be there, because of the pressures to reach a longer-term solution quickly.

> ❛ The British Government must not agree to terms that virtually guarantee a nearly complete Argentine success ❜

Some compromise in the longer term may be possible, provided that the islanders are fully protected and not ultimately forced to choose between accepting a wholly Argentine administration and leaving the *islands—regardless of however* generous terms of compensation might be offered. The British Government must not, now or at any stage, agree to terms that virtually guarantee a nearly complete Argentine success.

● Third, *self-determination*. Originally it was the wishes of the islanders that were to be paramount in deciding the final outcome. This did give them too powerful a right of veto over the negotiations, for from a practical point of view *wishes* can never really be paramount. The United Nations phrase made the islanders' *interests* paramount. In the course of negotiations this became "full consideration" of their interests.

But I do not see how we can now abandon the principle of *self-determination. Obviously it* is impracticable for every community, large or small, to have the right to change its status and choose which nation it is going to move to—regardless of the wider consequences of the realities of power. But that is not the meaning of self-determination for the Falkland Islands.

Here the principle of self-determination means that it should be unthinkable to Britain (and, I hope, to every member state of the United Nations, for it is a United Nations principle) that any community should have *forced upon it a* change of status and a government it finds repugnant. We will create a dangerous precedent of appeasement if we once admit that though some communities, such as Northern Ireland or Gibraltar, *will not be handed* over to another government without their full consent, others, such as the Falkland Islanders may be—simply because it is inconvenient or difficult to do otherwise. We must not abandon the principle because we have not the will to carry it through.

Since every *reasonable* compromise on these three points seems to have been rejected by Argentine intransigence there *now appears to be no alternative* to the reoccupation of the islands by force. This will inevitably mean British casualties—a prospect we all view with abhorrence, but one which in all the circumstances is, I believe more *acceptable to the* British people than terms which they judge to be a surrender of the principles to defence which the Task Force was despatched.

Appeasement has failed too *often* in the past, and its failure has killed and maimed too many people, for it to be an acceptable policy, now or in the future.

The author is Conservative MP for Farnham.

Letters to the Editor

The Falklands: the future, the fleet and the BBC

From Mr P. Newman

Sir,—It bothers me in the present dangerous situation to what extent the islanders' desire to remain British may perhaps be influenced to a significant degree by many years of British aid funds supporting a *community infrastructure* which their economy as a whole could not otherwise afford.

Such aid is no doubt all very well in support of our residual colonial heritage, particularly *one as doughty as this*; but when it distorts expectations of a distant community as small as this beyond the realities of their geographical position, and of less Britain's reduced global responsibilities, realism should intercede. More particularly now, when the shooting has started.

On the other hand aggression should *not be allowed* to succeed, although here again some weight needs to be given to apparent British indifference over 20 years to mounting Argentine hysteria on the subject. Also to the fact that regardless of our Government's dislike for the junta some 30,000 British seem to manage to live a satisfactory life-style generally *under it*.

Our Government has risked a lot in sustaining the international principle that aggression should not pay; but now in the face of declining support from the international community the time would appear to have arrived when we need to consider Britain's wider interests, particularly with regard to trade in the enormous South American market which we have now placed in jeopardy.

Wasn't it *Kipling who in* another context and another age said we have learned a hell of a lesson, it has done us a lot of good? *After this is all over let's* look again at Gibraltar.

Peter F. Newman,
2 Maplehatch Close,
Godalming, Surrey.

From Mr E. Williamson

Sir,—On the main BBC news at 9pm on May 13, there was an extract from a filmed interview of General Galtieri by a British journalist. It was the first opportunity I had had to judge for myself both what the General said and, perhaps more important, how he said it.

The BBC chose to stress and re-stress the General's positive *and co-operative response* to one of the questions put to him: but his equally positive and unco-operative answer to the other question was ignored *in* subsequent comments on two separate occasions in the same bulletin. Who was responsible for that one-sided and very misleading comment on such an important piece of news, for that is what such editing amounts to?

Perhaps *your* Chris Dunkley (back page piece on Mr Alasdair Milne, May 15) might help Mr Milne by pointing out to him that there is nothing in the least unusual in the efforts of the far Left to go to infinite trouble (phone calls approving BBC activities are hardly any trouble *at all*) to further their aims. He had perhaps better be careful that he does not become one of Lenin's "useful idiots."

E. E. Williamson,
5, Swancombe,
Clapton-in-Gordano, Bristol

From Mr J. Morrison

Sir, — It has already been observed that Mr Reginald Dale's Lombard article (May 13) is in poor taste. It is much more than that. Notwithstanding the ironical last sentence, *Mr Dale's plain aim is to suggest* that our Falklands' expedition is likely to be "the greatest military fiasco" in modern times. That, surely, is giving aid and comfort to the Queen's enemies. But his argument for that conclusion is, in fact, an extremely bad one, since, even if the analogy were to hold (and anyone with the merest *smattering of knowledge about* the Sicilian expedition will be aware that it does not) circumstances alter cases, and an analogy is rhetoric rather than argument.

The Sicilian expedition was a piece of blatant aggression, the aim of which was to extend the Athenian Empire by conquering the dominant naval and *military* power in western Greece. No one in his senses could say that our expedition is an attempt to conquer Argentina and extend our power in the South Atlantic. The Athenians foredoomed their expedition to *failure* by sacking their best commander while the fleet was on its way, leaving as senior commander a man who had argued *against sending the* expedition in the first place and was in any case a sick man. It was his leadership, the outcome of political interference from home, which caused the disaster.

The aim, not the strength, of Mr Dale's argument is what reasonable-minded people, concerned that violent aggressors *should not be allowed* to get away with their crimes, are entitled to object to. I object most strongly, and am surprised that you should have thought that any good purpose would be served by printing his article.

John Morrison,
Granhams, Great Shelford,
Cambridge.

London Transport library

From Mr L. Chapman

Sir,—The London Transport employee who complained (May 7) that I had not visited the library to check my facts was herself mistaken. I made three visits, and one of them was accompanied by the senior officer who *later* carried out detailed enquiries for me.

The refence in my book to the cost of the library referred to running expenses including salaries, accommodation and overheads compared with which *the purchase price of records* was trifling, and irrelevant.

The library was merely one example of the many perks which employees in these largely non-accountable authorities can obtain at the expense of the general public. The only atypical feature of this example was that, after investigation, it was thought prudent to bring it to an end.

Leslie Chapman,
Green Pastures,
Blockley,
Nr. Moreton-in-Marsh,
Gloucestershire.

Offshore contracts

From the Executive Vice-Chairman, Offshore Division, British Shipbuilders

Sir,—In your supplement on Norway (May 11) in the feature on shipbuilding it was stated: ". . . they argue that Norway cannot take the lead in with*drawing state financial support* when countries such as Britain and Canada continue to assist their companies in making low-*price bids* for offshore contracts."

This is simply not true and cannot be allowed to pass unchallenged. The fact is that there is no financial support whatsoever in Britain for offshore contracts.

Notwithstanding this situation British Shipbuilders has deployed two of its major ship*yards to oil rig construction*, while a third company offers design and consultancy services. We have on order or under construction *three major semi*-submersible platforms, one of which is for a leading Canadian company. Furthermore, we have recently introduced our own semi-submersible design, the BS 8000 DP, capable of operating in very deep water and the harshest environments.

With these orders we have now successfully entered the offshore construction industry but this has been without any direct State subsidies being included in the prices at which we obtained this work.

J. E. Steele,
197 Knightsbridge, SW7.

ıvesting for ensions

-om the Chairman,
artin Paterson Associates

Sir. — In reply to my letter. ıvid McLeish *(May 4) argues* at the rebate allowed to ntracted-out schemes can be .vested at high rates of in-rest. Such investments, he ims, can be extended into tirements where the pension heme *has only* then to replace. e fixed money part of the te pension. The Government tuary has valued this part of e benefit at 9 per cent and first sight it seems to provide sure source of profit for the ntracted-out *employer, which* will compensate for a negative yield relative to earnings.

We are, however, considering relationships over very long periods. *Mr McLeish* rightly suggests that a large part (75 per cent for a typical fund) will be *in equities and property*. The Government Actuary was driven to use illustrations based *on 100 per cent* equity investment to demonstrate positive investment returns historically. In advising this pattern of investment, the actuary is primarily concerned with matching liabilities in real terms with *real assets, rather* than actual rates of interest on fixed-interest investments. Buyings gilts to match a final salary liability is today seen as highly *speculative*.

The conclusion this leads to is that there is no investment which will guarantee the terms on which real assets can be converted into money assets when employees retire over future years. The contracted-out employer is effectively guaranteeing (inter alia) 9 per cent as an average rate of interest. Today that seems very modest. Fifteen or more years ago it would have seemed impossibly high. No amount of theoretical argument should be used to disguise the risks which contracted-out employers accept —I only ask that they accept them knowingly.

Martin Paterson,
10, Buckingham Place, SW1.

UK COMPANY NEWS

Duport returns second-half profit

A STRONG recovery was effected by **Duport**, engineer and domestic equipment manufacturer, in the year to January 31 1982. Indeed, the company returned to the black in the second six months, with pre-tax profits of £254,000 sharply reducing the full year deficit from £13.91m to £325,000.

In addition, as regards the current year, Mr J. H. Russell, chairman, says he believes the group can consolidate on progress made. However, in view of the need to continue to reduce borrowings and bearing in mind interest relief presently obtained on the subordinate loan stock, no dividends on both classes of preference share or on the ordinary are being declared.

Principally due to the absence of sales from steel interests, which have been sold or terminated, turnover for the year under review fell from £153.77m to £71.51m. Nevertheless, at the trading level with no steel losses, there was a turnround from a deficit of £9.54m to a surplus of £1.24m.

A *divisional* breakdown of turnover and results on trading shows: metal forming £25.46m (£29.76m) and £1.01m (£1.66m) loss; *furniture* £29.84m (£32.36m) and £167,000 (£1.16m) loss; plastics £16.22m (£15.59m) and £2.22m (£1.12m) profit; steel interests nil (£76.96m) and nil (£7.88m loss); inter-divisional sales added £13,000 (£902,000) to turnover, while other interests gave £196,000 (£36,000) to profits.

Actions to reduce the group's cost base and reshape loss making business continued throughout the year with the result that £460,000 of redundancy costs were charged before trading profits and a further £1.58m of reorganisation expenditure has been included in extraordinary items.

Interest charges declined from £4.53m to £1.62m, with £1.16m, which included the cost of financing steel interests before disposal to BSC, falling in the first half and £462,000 in the second.

The pre-tax result included £55,000 (£161,000) of dividends from trade investments and was before a tax credit of £8,000 (£64,000 charge).

Last time £41.8m was written-off on the termination and disposal of steel interests. There has been a release of provision this time of £3.05m, resulting in extraordinary credits of £1.77m (£44.31m debits) and, as there are no dividend payments, a transfer to reserves of £1.45m (£58.31m from reserves). The *loss per share fell from 32.88p* to 0.74p.

The balance sheet shows a strong recovery from the company's critical financial position at the beginning of the year. Shareholders' funds at January 31 1982 totalled £14.65m *(£12.85m) and there was a turnround from net current liabilities* of £4.91m to assets of £4.35m.

Short-term borrowings were reduced from £13.5m to £2.74m and long-term from £14.83m to £4.46m. Capital employed *amounted to £23.26m (£34.87m)* and fixed assets were £17.83m (£20.79m).

The directors say bank facilities continue to be sufficient for the group's requirements and, while *growth opportunities are being sought and developed, firm* control of the level of borrowings remains a priority.

Mr Russell reports that reorganisation of major parts of the group is continuing but benefits to profits will not accrue *until later this year. Meanwhile,* the first half of the current 12 months has suffered from a further decline in demand in some important markets and from disruption associated with restructuring.

He says good progress has been made in the realisation of the *remaining assets and settlement* of the external liabilities of Duport Steels, the subsidiary which incorporates the group's steel activities and which has borne all the closure costs and asset write-offs associated with *their disposal and termination.*

Conditional agreement has been reached for British Steel Corporation (Overseas Services) to acquire certain steelmaking plant and ancillary equipment. This effectively leaves only the *land and buildings at Llanelli to* be realised. The initial proceeds of £2m will be used by Duport Steels to reduce its secured bank overdraft which is consolidated in the accounts in short-term borrowings. Further proceeds *may arise in due course under* a formula contained in the agreement.

Legal proceedings have been initiated against Duport Steels for recovery of grants amounting to £3.5m plus interest. Duport Steels intends to defend and is taking appropriate legal advice on the claims which, if proved, would be unsecured liabilities.

The group, which has no liability in respect of the grant repayments claimed, has outstanding unsecured loans due by Duport Steels of £17.6m against which full provision has been made by the parent company.

Reviewing metal forming interests the chairman says that, with the completion of a rationalisation scheme, foundry *operations are expected to* eliminate losses during the second half of the present year at current depressed level of demand.

HIGHLIGHTS

Lex briefly looks at the difficulties facing a U.S. bond trading firm and then goes on to discuss the decision facing the Office of Fair Trading of whether to refer **Great Universal Stores'** bid for rival mail order group **Empire Stores.** Insurance broker **C. E. Heath** presented its full-year figures yesterday showing a jump in profits from £12.6m to £17m, thanks to a sharp increase in brokerage income. The column then goes on to consider the figures from **Duport** where profits in the second half have held the full-year loss to £325,000, against £13.9m deficit and the balance sheet looks much firmer. Finally the column comments on the results from **Lloyds Bank International** which has deconsolidated its local Argentinian operations. The figures suggest an underlying slowdown from the recent rapid growth rate.

Lloyds Bank Intnl. higher

By Paul Taylor

Lloyds Bank International, the international banking arm of the UK-based Lloyds Bank group, yesterday announced pre-tax profits for the six months to end March 1982 up by £2.1m to £52.7m over the same period last year. The latest un-audited results, however, exclude LBI's domestic operations in Argentina.

Mr Alan Moore, LBI's treasurer, says the bank thinks it "prudent" to exclude the operations of the 38 Lloyds branches in Argentina from the latest results. The bank has not adjusted figures for previous *periods to reflect this.*

LBI's total income for the first half at £197.7m showed an increase of 26.6 per cent over the first half of 1981 and an increase of £4.7m over the second half of last year.

After making a £33.7m (£11.5m) provision for bad and doubtful debts in the first half, total income was £164m. This compares with £160.4m in the second half of 1981.

Mr Eric Whittle, LBI's chief executive, says the increase in charge against profits for bad and doubtful debts reflects "the unstable world economic environment and the effects of continued high interest rates."

The pre-tax figures, down £17.3m over the second half of the previous year were affected by two main factors. First, the bank recorded an exchange loss on translation of overseas working capital of £12.6m compared with a loss of £5.4m in the same period last year and a profit of £9.7m in the second half.

Secondly, total operating costs in the six months to end March, 1982 at £81.1m were £0.4m down on the same period last year and £5.2m down on the second half of 1981, but this comparison largely reflects the impact of stripping out the Argentine local costs.

After a £20.7m allowance for taxation profit attributable to shareholders at £31.7m increased by 31 per cent over the same period last year but was £14.4m down on the second half results.

On a current cost basis profit before taxation was £34.3m compared with £35.6m in the first half of the previous year, and £48.2m in the second half.

Mr Moore describes the results as "quite encouraging" because he says the bank has maintained its performance over the second half of last year.

LBI's performance has been a major factor in the Lloyds Bank group results. Last year Lloyds Bank announced a 33 per cent increase in pre-tax profits to £385.6m with the international contribution jumping from 39 per cent to 47 per cent.

Yesterday Lloyd's shares closed 10p down at 395p following a 5p drop the previous day.

Hunting Gibson falls 9% to £3.4m: holds payout

DESPITE A £7.47m jump in turnover to £18.96m, the taxable profits of Hunting Gibson fell by 9 per cent in 1981 from £3.75m to £3.41m.

Earnings per 25p share are given 12.31p lower at 25.21p but the year's net distribution is being held at 6p with a same again final of 4p.

A breakdown of turnover and profits shows: shipowning and ship management £8.34m (£4.65m), and £78,000 losses (£1.43m profits); ship and air broking £3.82m (£3.22m) and £1.34m (£1.12m); industrial painting contracting £3.66m (£3.63m) and £56,000 losses *(£142,000* profits); computer services £2.2m (nil) and £124,000 losses (nil); and property development and refurbishment £951,000 (nil) and £55,000 (nil).

Additionally pre-tax profits included a share from associates of £2.43m (£1.55m) and were struck after augmentation payments to retirement benefit schemes of £152,000 (£481,000).

Tax took £1.14m (£519,000) leaving net profits of £2.27m (£3.23m). After minority interests of £129,000 (£115,000) and preference dividends of £29,000 (same) the attributable *profits emerged at £2.11m* (£3.09m). Dividends absorb £510,000 (£499,000).

Current cost adjustments reduce the taxable profits to £2.82m (£3.29m) and the earnings per share to 19.14p (32.33p).

● comment

Hunting Gibson's operating results are dominated by the vanishing of profits from shipping, that despite an 80 per cent increase in turnover, following the acquisition of Stag Lane. There is surplus capacity on the market—undermining rates—and Hunting now owns more of it than formerly. Shipbroking, however, has been more rewarding, E. A. Gibson proving able to pick up business from its rivals and lift its profits by a fifth. Other activities—industrial painting, computer services and property development—had little impact. At 103p a share, Hunting Gibson trades at roughly 6½ times fully-taxed earnings. Profits include £2.4m from associate companies—mostly Hunting Petroleum—so the earnings lack tangibility. True cover for the 6p dividend—which provides a yield of 8.7 per cent—is clearly somewhat less than the indicated 4.1 times.

Furniture losses affect Alpine

DESPITE increased contributions from double-glazing and its Dolphin Showers subsidiary, Alpine Holdings reports *lower* profits for the year to January 31, 1982.

The pre-tax figure was down from £1.28m to £1.12m, with double-glazing's share up from £101,000 to £152,000, and Dolphin Showers *improving from £1.47m* to £1.48m. This, however, was more than offset by the Dreamline fitted bedroom furniture offshoot turning round from a profit of £54,000 to a £273,000 loss.

At the *interim stage,* pre-tax profits had increased from £271,000 to £562,000.

Group turnover for the year fell from £34m to £29.95m, with double-glazing dropping from £20.3m to £15.94m and Dreamline bedroom furniture falling from £2.09m to £1.9m. Dolphin Showers, however, moved ahead from £11.61m to £12.11m.

The final dividend is unchanged at 2.975p net for a same-again total of 5.25p.

Mr James Gulliver, the chairman, says that although the company has passed through another difficult year, very satisfactory liquidity has been maintained with present cash resources of £2.2m. He says he is particularly encouraged by the real and substantial progress now being made by Alpine *(Double-Glazing) Company.*

He is also confident that the sales reorganisation at Dolphin Showers will enable that company to consolidate and strengthen its position in the market.

"I expect gradual progress of our major activities to continue *during the current year,*" he says, "and I believe that the group is now in a position to take *advantage of any improvement in* market conditions."

He adds that in February, 1982, the company introduced a number of significantly improved double-glazing products, backed by an aggressive pricing policy and a strong advertising and marketing programme. He says these efforts are bringing success and sales have improved considerably in recent weeks.

While this improvement will not markedly affect the level of installations in the first half of the current year, present indications are that the company will enter the second half with a much improved order book and a good prospect of a return to more satisfactory trading results.

The current position at Dreamline remains unsatisfactory, and *he says management is making* every effort to improve the sales performance.

Tax for the year took £515,000 (£269,000) and after minority credits of £18,000 (£4,000 debits), attributable profit was £625,000 *(£359,000, which included* an extraordinary debit of £645,000). Dividends absorb £604,000 (£590,000).

Stated earnings per 5p share fell from 8.94p to 5.43p. Pre-tax profits on a CCA basis were *£792,000 (£829,000), and earnings* per share were 2.56p (4.95p).

● comment

The 12 per cent drop in pre-tax profits from Alpine Holdings did not cause any anxiety in the market, despite the 38 per cent slide in second half profitability. While improved margins from double glazing are welcome, the 21 per cent fall in turnover is a high price to pay and the two and a half fold decline in second half on second half double glazing profits is a disappointing return from such "favourable" winter weather. For the second year running Dolphin showers has prevented a schuss in Alpine's profits; in an increasingly competitive market the division has maintained its share at about 10 per cent, at some cost in terms of margins. The loss from the furniture division is no crime in the prevailing trading conditions, but even before that sector's collapse, its profits were inadequate, and it may now be a case of kill or cure. With net cash of £2.2m Alpine is looking for acquisitions in the home improvements sector. That tidy sum, together with a yield of almost 14 per cent provides support for the share price of 57p, unchanged.

Miles 33 for USM via placing

A SMALL entrepreneurial company whose computerised book composition system is used for the Stock Exchange Official Yearbook and was seven used for the Royal Wedding invitations, is coming to the Unlisted Securities Market via a placing. Stockbrokers Simon & Coates has placed a third of the issued capital of the Bracknell-based concern Miles 33 with city institutions for £735,000.

The placing was of 700,000 ordinary 10p shares at £1.05. Most of the remaining two-thirds of the equity remains with the company's founder, 39-year-old computer specialist Roger Holland, who has sold 600,000 shares. The net proceeds from the £105,000 raised by the issue of the other 100,000 shares will be used to expand the business.

Since formation just over five years ago by Mr Holland, formerly with Burroughs and Information International, sales have risen from £425,000 to over £2.1m with half going outside Europe. The company's main customers have been technical book publishers Butterworths and Sweet & Maxwell. It is concerned with research, development and marketing and subcontracts all its manufacturing.

Profits for the year to the end of February this year were more than doubled at £210,000, compared with the previous 12 months. There was no tax charge but on a fully taxed basis the shares are on a historic p/e of 21.9 and yield 2.72 per cent.

While no profits forecast is given for the current year the company expects to pay a 2p net dividend. Gordon Graham, chairman of Butterworths, is a non-executive director.

The company's main product is System 200 book composition system but both this and ACT 1 System are based on the same hardware. The software for System 200 provides facilities for composition on a large number of foreign languages and mathematics text books. ACT 1 offers accounting facilities for solicitors and document assembly facilities based on the 25 volumes of Butterworths legal encyclopaedia of Forms and Precedents.

The new money raised will go chiefly towards the development of System 300 to be launched next month which extends the composing capability to the potentially more lucrative market of magazines.

● comment

Simon and Coates explains its decision to handle Miles 33, which is its third and smallest placing of a high technology company on the USM, as being based on the "particularly exciting growth prospects." Undoubtedly a successful launch for the next generation system should widen Miles' world market enormously. But, as with most of its counterparts, its only real assets are its personnel and their ability to keep the products a step ahead of the bigger brethren. So far it has proved that it can pick up some useful customer names in the narrow and more staid field of book composition. Magazine publishing is another thing.

Yorks & Lancs Inv. at £0.12m

IN THE six months to March 31 1982, Yorkshire & Lancashire Investment Trust saw gross revenue less bank interest rise from £86,810 to £122,376.

Expenses of £14,520 (£13,695) and tax of £34,523 (£23,506) left net revenue of £73,333 (£49,609).

The interim dividend is held at 0.65p net per share. Last year's total of 2p was paid. Net asset value per 25p share is given as 33.9p, down from 39.9p.

Emray in sharp rise to £0.2m

As predicted in the chairman's last statement a first dividend of 0.5p net is being paid by Emray, industrial holding company, for 1981. Pre-tax profits for the period rose sharply from £97,000 to £201,000 on turnover of £4.83m against £4.59m.

"Planned growth continues and is encouraging enough for my forecast of a first ever dividend to be fulfilled," says Mr Lionel Altman, chairman. "We are determined to maintain steady growth in spite of the world trade recession," he adds.

Financial service companies have been formed into a sub-group under a new group holding company says Mr Altman. He expects a major contribution from this sector of activities.

Group investments in Zimbabwe have great potential, he says, but tight exchange controls are holding up progress.

The charge for tax rose from £1,00 0to £37,000. Extraordinary credits amounted to £1,000 (£7,000).

Earnings per 5p share rose from 0.69p to 1.18p and the net asset value is stated at 9.94p (9.21p) per share.

ALLIED PLANT

Because of a typographical error, last Saturday's report of Allied Plant Group results quoted the chairman as saying: "There is no significant improvement of the conversion rate (of inquiries) into orders." This should have read "There is a significant improvement. . ."

YEARLINGS

The interest rate for this week's issue of local authority bonds is 13¾ per cent, up a quarter of a percentage point from last week and compares with 12¾ per cent a year ago. The bonds are issued at par and are redeemable on May 25 1983.

A full list of issues will be published in tomorrow's edition.

Optimism at Evered with trend positive

MANAGEMENT ACCOUNTS show that Evered Holdings, the *engineering group, is now* operating at a small profit, after interest, says Mr D. M. Saunders, the chairman. The trend is positive and encouraging, with the reconstituted group now generating cash, he tells members *in his annual statement.*

With a profitable month behind it and the group trading at a sufficiently strong level to hope for a modest profit overall for the first six months, he is optimistic enough, on the market *information currently available,* to think there will be a further improvement in the second half.

As reported April 30, the group cut its pre-tax losses from £646,031 to £290,603 for 1981. There was again no dividend however—the last payment being a final of 0.25p in 1979.

Mr Saunders explains that the appointment of Osman Abdullah as chief executive last summer heralded the formation of a new management team. With the opportunity to take advantage of the finance being made available from Saudi Arabian sources to develop the group, he says it is an appropriate time to hand over the chairmanship to Mr R. M. Abdullah, a director, who has been largely responsible for *identifying* new growth opportunities and securing the finance of Evered's future expansion.

The chairman says the group now has three sound businesses and is now in an advanced stage of negotiations for the sale of some properties.

At Evered and Company (Metals), an improvement in *profitability has continued into* the first quarter of 1982. Certain

Meeting, West Bromwich, June 7.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. A. Coal	95‖	July 16	72	166**	108
Alpine Holdings	2.98	July 9	2.98	5.25	5.25
Amos Hinton	5.6	July 20	4.2	8	6
British-Borneo	8.45	—	8	12.8	12.15
Brit Inds Gen Tst ...int	1.5	June 8	1.5	—	5
Emray	0.5	—	—	—	—
C. H. Heath	9.5	—	7.4	13.1	10.5
Hunting Gibson	4	July 30	4	6	6
Narborough (FMS) int‡§	0.7	June 30	0.7	—	2.1¶
N American Tst ...int	1.4	—	1.3	—	5
Northern Inds ...int	2	July 15	2	—	7
W. Runciman	5	—	5	7.5	7.5
Thos Warrington	3.85	July 7	3.57	5.6	4.73
John Williams ...int	nil	—	0.5	—	1
Yorks & Lancs Inv ...int	0.65	July 2	0.65	—	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Gross throughout. ¶ Includes bonus of 0.6p. ‖ S.A.G. cents throughout. ** For 15 months.

C. E. Heath rises sharply to £17m: pays 2.6p more

PROFITS BEFORE tax of C. E. Heath, the international insurance and reinsurance broker and underwriting agent, advanced sharply from £12.63m to £17.03m for the 12 months to March 31 1982 with the second-half contribution emerging at £9.67m, compared with last time's £7.56m.

Stated earnings per 20p share rose from an adjusted 21.8p to 33.6p and an increased final dividend of 9.5p (7.4p) raises the net total from 10.5p to 13.1p.

Profits from broking operations for the full year were well ahead at £9.87m, against £5.71m, and underwriting operations also improved, rising from £4.91m to £5.43m. Profits from other sources, however, dipped by 278,000 to £1.73m.

Mr Frank Holland, the chairman, said the group should "do a little better" overall in the current year. He expects an increased contribution from Australia and Pinnacle, while Lloyd's operations and the French business, Groupe Sprinks, should be "about the same."

Commenting on dividend policy Mr Holland said the intention was to get a better "balanced relationship" between the interim and final payments which meant that the group would be paying a larger share at the halfway stage.

A breakdown of underwriting profits for the year shows the contribution from Australia rose from £3.3m to £3.9m. Groupe Sprinks was hit by increased expenses but there were also increases in commissions and fees and a "marked improvement" in credit control and cash flow resulting in an improved contribution of some £200,000.

The Lloyd's operations contribution fell by around £300,000. Including agency fees, profits were £577,000. The Pinnacle business increased its contribution from £195,000 to £653,000.

The figures were helped by the weakness of the pound, which added £2m to brokerage income, between £400,000 and £500,000 to investment income and £300,000 to underwriting profits.

Tax took £6.61 (£5.59m) and after minorities of £11,000 (£89,000) and an exceptional debit of £243,000 last time, the net surplus came through at £10.41m, compared with £6.71m.

Added to this were extraordinary credits of £644,000 (£2.85m) which lifted the available profit by £1.5m to £11.05m.

In 1980-81 the group released deferred tax of £2.85m relating to a subsidiary company which has subsequently been sold. The profit from this sale has been included in the 1981-82 results as the extraordinary item.

To provide comparability the deferred tax release of the previous year has been reclassified as an extraordinary item and accordingly, earnings per share for that year have been reduced from a reported 31p to 21.8p.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied London Properties, Common Brothers, Dubilier, Irish Distillers, Moran Tea, Pentland Investment Trust, Redfearn National Glass, Redman Heenan International.

Finals: Advance Securities, Ambrose Investment Trust, Chamberlin and Hill, El Oro Mining and Exploration, Exploration Company, Feedback, London Atlantic Investment Trust, London and Northern, London Trust, Whitbread Investment.

FUTURE DATES

Interims—	
Associated Sprayers	May 27
Avon Rubber	May 26
Carr's Milling Industries	June 8
Causton (Sir Joseph)	May 27
Leeds and District Dyers and Finishers	May 25
London Scottish Finance Corporation	June 15
Martin the Newsagent	June 1
McCorquodale	June 1
Scottish American Investment	June 16
Stakis	May 25
Finals—	
Bankers Investment Trust	June 15
Janter	May 27
Lenca	May 24
Libanon Gold Mining	June 8
Modern Engineers of Bristol	May 27
Transparent Paper	June 1
Venterpost Gold Mining	June 8
Vlakfontein Gold Mining	June 8

Jump to £2.5m at Hinton

FOOD AND DRINK retailer and distributor Amos Hinton and Sons saw profit before tax jump to £2.5m for the 52 weeks to March 6 1982 against £1.3m in the preceding 53 weeks.

Sales rose to £101.31m excluding VAT, against £90.15m, with a 5 per cent increase in volume.

A higher final dividend of 5.6p net per share (4.2p) lifts the total to 8p (6p). Stated earnings per 10p share were 40.53p, compared with 19.35p.

Tax took £266,000, against a £747,000 credit, for a profit after tax of £2.23m (£2.05m). Extraordinary credits came to £31,000 (£190,000).

● comment

Hinton has been able to add a full point to pre-tax margins. A 12½ per cent rise in sales has worked through to almost doubled profits. The story is a rise in volume of about 5 per cent with virtually no physical growth while, at least in the earlier months of the period, Hinton was able to effect repairs on its badly damaged gross margins. The other discernible factor is the return to profits of the discount stores which have been revamped as small store units. The discount stores made a £190,000 loss in 1980-81 and last year there was a positive contribution. But while Hinton has been able to take a substantial pace forward in 1981-82 the current 12 months looks a little less promising. The pressure is back on profit margins. Both Fine Fare and Asda are mean competitors and all eyes are on Allied Suppliers and what might happen next. Finally Tesco's round of price-cutting could well have a knock-on effect though it is not big in the region. So Hinton will have to rely on more physical growth. One new store has already opened, two more have been commissioned and others are in the pipeline. Also more emphasis on fresh food, with its new distribution centre, could help overall gross margins. At 317p the p/e is 14.3 (fully taxed) and yield is 3.6 per cent. The family holds the reins.

Index-linked units from Lazards

MERCHANT BANKERS Lazards are launching Britain's first index-linked unit trust. An unauthorised fund being offered to pension funds (including those managed by life insurance companies) and charities, it is designed to offer a return of at least 4 per cent over retail price inflation.

The Lazard Index-Linked Mortgage Unit Trust will invest in individual residential and commercial mortgages arranged by an independent company, Index Linked Mortgage and Investment.

ILMI has already been operating for some three years, and has arranged mortgages totalling around £5m, funded by various institutions. Under the new arrangements the previous funding commitments will be honoured but not extended, and the company will from now on act exclusively as an agent for LILMUT.

There is claimed to be a large demand for index-linked mortgages, which ILMI has not so far been able to meet in full because of a relative shortage of investment funds. Personal borrowers pay 5½ per cent over and above the increase in the retail price index, but the indexed nature of the borrowing means that initial instalments can be much lower than with normal building society-type mortgages.

Up to 40 per cent of the unit trust's funds may be invested in index-linked commercial mortgages, and because the commercial rate will be higher, the real return to unitholders may be as much as 4½ per cent.

For Lazards, the new unit trust will be an addition to a range of exempt unauthorised trusts which includes a £170m property fund. It is designed to give pension funds an attractive alternative to index-linked gilt-edged stocks, which at present give a rather lower real return —of 3 per cent or less.

Lazards emphasise that the return on the units will be linked to the retail price index, and not to any other index such as a residential house price index. For tax purposes the return will consist of income and capital repayments, and will not include any element of capital gains.

ILMI, based in Fleet, Hants, will be responsible for processing mortgage applications on behalf of the unit trust. Its present terms for residential mortgages include a relatively high maximum income multiple of 3.5 rather than the more normal 2.5 times annual income, but the maximum advance is normally limited to two-thirds of the value of the property.

British-Borneo static at £1.1m

PRE-TAX PROFITS of British-Borneo Petroleum Syndicate were unchanged at £1.09m in the year to March 31 1982. This investment holding and dealing company is increasing its final dividend from 8p to 8.45p for a total up from 12.15p to 12.8p.

Dividends and interest on investments contributed £1.02 compared with £964,000. Profit on realisation of investments, short-term interest and other income amounted to £390,000 against £240,000.

Administration expenses increased from £106,000 to £111,000 and interest on loans this time was £104,000. Consultants fees totalled £101,000 (nil). After tax of £56,000 (£112,000) and tax attributable to franked investments of £292,000 (£266,000), stated earnings per 10p share advanced from 16p to 16.6p.

The directors say the company's Canadian subsidiary retains its interest at Meekwap and in the Ochre area, both in Alberta, and the Boundary Lake, British Columbia. During the year, a farm-in well was drilled and abandoned on its acreage in the Boundary Lake area.

In the U.S. with the advice of consultants, equity interests in some of the smaller listed oil exploration companies have been acquired at a cost of £1.05m and a direct participation in oil producing properties in Wyoming has been acquired at a cost of £350,730.

Runciman prediction borne out

THE MIDYEAR prediction by the directors of Walter Runciman and Company that the group's pre-tax profits for 1981 would be below those of the preceding year has been borne out.

Despite an advance in turnover from £47.07m to £54.72m profits before tax of this shipping, insurance and security group declined over the year by £205,000 to £2.32m.

After six months, trading profits were marginally ahead but in their interim report the directors warned that, with the continuing absence of any general economic recovery, coupled with major redundancy costs in both the security and shipping divisions, taxable profits for the full year would not match those for 1980.

They added, however, that they expected the dividend for the year to be maintained on the enlarged capital — 1.1m shares were placed with institutional investors in September. This too, has been borne out, a final of 5p making a same-again net total of 7.5p.

Tax took £688,000 (£1m) and minorities £377,000 (£233,000) leaving the attributable surplus slightly higher at £1.64m

British Inds. Investment

For the six months to March 31 1982 gross income of British Industries and General Investment Trust fell from £214,900 to £209,800 and net revenue before tax from £174,600 to £166,000.

The pre-tax result was struck after management expenses of £38,200 (£34,700) and loan capital interest of £5,600 (same). Tax took £64,200 (£69,000) leaving the net balance at £101,800 (£105,600) and the net interim dividend is held at 1.5p costing £72,048. Last year's total payment was 5p.

The net asset value per 25p deferred share is stated at 164.875p, compared with 169.75p at September 30 1981.

Reed orders better

HEALTHIER ORDER books are reported by Austin Reed Group, the men's and women's wear retailer and manufacturer. And Mr Barry Reed, the chairman, says in his annual report that at the end of the first quarter of the current year, sales in the group's retail shops are running some 12 per cent ahead of a year ago.

He says the group remains interested in expanding its national network of shops whenever possible. The latest branches at Kingston-upon-Thames, Surrey, Tunbridge Wells, Kent, and Perth, Scotland, have done well, and next month another new shop will be opened in Plymouth.

Options, the womenswear business, is proving a most successful development, and good results have been achieved in the two new London shops and at Tunbridge Wells. He says the board is looking forward to opening at least another eight branches in the course of the next two seasons. Together with the Country Casuals concessions, he says the immediate sales target for womenswear is £5m.

Following an unsuccessful appeal against a sevenfold rent increase, the group has been forced to close its Dublin business. The shop has traded satisfactorily for 10 years, but Mr Reed says such an increase in the rent was "untenable."

John Williams deficit rises with bad weather

SEVERE BLIZZARDS affected the first six months results at John Williams of Cardiff. A significant proportion of the losses, which increased from £681,400 to £794,900, was suffered in December and January when the blizzards in South Wales made trading conditions even more harsh than the directors had expected.

The interim dividend for the period to March 31 1982 has been passed—the previous interim was 0.5p. Last year a total of 1p was paid after pre-tax losses of £1.27m (profits £665,535) on turnover of £19.62m (£25.18m).

Losses per 25p share were shown as rising from 7.99p to 10.03p. There was no charge for tax this time after a previous cerdit of £62,000.

With the midyear results the group has also announced the sale of one of its steel stockholding subsidiaries, Paisley based J. R. Forrester and Co, to Brown and Tawse, a steel and steel and plastic products stockholder, for £1.3m cash.

Forrester turned in losses of £184,290 for the year to the end of September when its net tangible assets were about £1.8m.

Mr Douglas Rae, Brown and Tawse chairman, said later that the acquisition would considerably strengthen his company's involvement with steel plate and sheet in the East of Scotland.

Currently Brown and Tawse's main business in Scotland comes from supplying large quantities of steel for the onshore oil installation in the East.

Warrington higher at £613,000

AFTER A profit of £92,000 on the sale of surplus land at Thomas Warrington & Sons, pretax profits almost doubled from £312,000 to £613,000 for 1981. Turnover of this general building and public works contractor moved ahead from £9.1m to £10.36m.

Profits for 1982 are expected to be at least comparable to those of 1981, say the directors.

The total dividend has been raised from 4.7346p to 5.6p with a final of 3.85p net. Earnings per 25p share are given as lower at 12.38p against 18.13p.

There was a charge for tax this time of £241,000 against a previous credit of £233,000. This was an exceptional credit arising mainly from the writing back of deferred tax.

The balance sheet shows an increasingly strong position, say the directors, while liquidity has markedly improved since the year end.

SPAIN

May 18	Price %	+ or −
Banco Bilbao	341	−3
Banco Central	333	−2
Banco Exterior	302	
Banco Hispano	310	
Banco Ind. Cat.	114	
Banco Santander	324	−1
Banco Urquijo	202	−2
Banco Vizcaya	355	−3
Banco Zaragoza	248	+4
Dragados	140	−8
Espanola Zinc	69	
Fecsa	64.7	−1.0
Gal. Preciados	38	
Hidrola	64.7	−2.5
Iberduero	52.7	−0.5
Petroleos	88	−2
Petroliber	99	
Sogefisa	6	
Telefonica	70	−1.2
Union Elect.	65	−1

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C $325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$338
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL P F.160	—	—	1	9	—	—	„
	May		Aug.		Nov.		
BOEI P $30	1	10⅞	—	—	—	—	$19
SLUM C $55	—	—	2	0⅞	—	—	$47¼
VW C DM.140	20	11.80	—	—	—	—	DM152

TOTAL VOLUME IN CONTRACTS: 6219

A=Asked B=Bid C=Call P=Put

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB   Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	P/E Fully taxed
130	100	Ass Brit. Ind. CULS...	128	− 1	10.0	7.8	—	—
75	62	Airsprung	72xd	—	4.7	6.5	11.4	15.8
51	33	Armitage & Rhodes	42	—	4.3	10.0	3.6	8.1
205	137	Bardon Hill	205	+ 1	9.7	4.7	10.0	12.1
107	100	CCL 11pc Conv. Pref.	107	—	15.7	14.7	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	61	Deborah Services	62	—	6.0	9.7	3.1	5.8
131	97	Frank Horsell	128	− 1	6.4	5.0	11.5	23.7
83	39	Frederick Parker	75	− 1	6.4	8.5	3.8	7.3
78	46	George Blair	54	—	—	—	—	—
102	93	Ind. Precision Castings	99	—	7.3	7.4	7.1	10.8
109	100	Isis Conv. Pref.	109	—	15.7	14.4	—	—
113	94	Jackson Group	101	+ 1	7.0	6.9	3.2	7.2
130	108	James Burrough	240	− 2	31.3	13.0	3.3	8.5
334	238	Robert Jenkins	240	+ 2	31.3	13.0	3.3	8.5
67	51	Scruttons "A"	67	—	5.3	7.9	10.3	9.5
222	159	Torday & Carlisle	159	—	10.7	6.7	5.1	9.5
15	10	Twinlock Ord.	14½	+ ½	—	—	—	—
80	66	Twinlock 15pc ULS	80	—	15.0	18.8	—	—
44	25	Umlock Holdings	25	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	82	—	6.4	7.8	5.4	9.5
263	212	W. S. Yeates	232	—	14.5	6.3	6.1	12.1

Prices now available on Prestel page 48146.

Companies and Markets

BIDS AND DEALS

Dawn raid fails but Bunzl bid for Bemrose continues

Bunzl, the paper and packaging group, is to continue with a £13.8m bid for security printer **Bemrose Corporation** despite the failure of a "dawn raid" on the Bemrose's shares yesterday.

The Bemrose board is expected to meet today to consider its reply to the surprise Bunzl bid though it yesterday advised shareholders, through its financial advisers Kleinwort Benson, to take no action. Kleinwort, Benson said this was believed to be the first dawn raid which had failed to net any shares of the target company.

Stockbrokers Hoare Govett failed to pick up any Bemrose shares despite their offer for up to 1.68m ordinary shares at 120p each made in the opening minutes of stock exchange trading yesterday, Bemrose said.

The reason for the failure of the offer was a higher bid made by stockbrokers Grieveson, Grant, acting for an unnamed client. At one stage yesterday Bemrose's shares were 53p up at 129p while Bunzl slipped 5p to 181p.

"I understand Bunzl's bid was totally unsuccessful and they did not pick up any shares," said Bemrose chief executive Mr David Wigglesworth. "It seems to be a really extraordinary way of going about business. If we are interested in a company we talk chairman to chairman."

Bunzl followed up its early morning cash bid with an offer of 120p nominal of Bunzl 11.25 per cent convertible unsecured loan stock 1992-94 but said it remained in the market for the 1.68m ordinary shares for cash.

The new loan stock will carry the right of conversion into Bunzl ordinary shares at 200p per share from 1986 to 1992 inclusive. Any unconverted offer represents Bunzl's first attempt to expand its activities in the UK. Following the recent recovery of Bunzl's fortunes under its new managing director Mr James White it had been expanding strongly into paper distribution in the U.S. through acquisitions.

Bunzl has reduced its depence on cigarette filters, though they still remain important, and disposed of a number of unhappy acquisitions over the past 2½ years to develop its merchanting and distribution of pulp, paper and paper products and the manufacture of specialised papers and packaging.

It made little changed pre-tax profit of £11.59m last year on turnover 45 per cent up at £245.65m.

Bemrose is a leading printer of bank cheques, plastic credit cards and other security items as well as calendars, diaries and flexible packaging. Bemrose more than tripled pre-tax profits to £2.37m last year on marginally higher turnover of £49.4m.

Bunzl is primarily interested in Bemrose's flexible packaging activities which are more extensive than Bunzl's own operations, according to Mr Ernest Beaumont, chairman of Bunzl. The two companies are probably fifth and seventh respectively in their field. Together they would be number three, Mr Beaumont stated.

N. M. Rothschild, which is now acting for Bunzl, said it expected to issue offer documents within a week. S. G. Warburg, which was financial adviser to both companies, said it had withdrawn prior to the bid to avoid a conflict of interests.

On the stock market shares of Bemrose closed at 129p up 53p while shares in Bunzl fell 8p to 180p.

Harmer offer for remainder of FIT

Harmer Securities, a subsidiary of the privately owned Rowlandson Group of investment and property companies, is consolidating its 14-year relationship with the quoted **Finance and Industrial Trust** by offering 30p cash per share to lift its 64 per cent holding to outright ownership.

FIT, which retains some 650, mostly private, shareholders, has been quoted recently at about 21p before a sudden lift to 25p early last week prompted a suspension of the shares at 25p on May 12.

Since none of the FIT directors is independent of Harmer, which is headed by Sir S. Graham Rowlandson, the minority shareholders have been advised by Sheppards and Chase which announced yesterday that it considered "the terms of the offer are fair and reasonable having regard to the relevant circumstances."

FIT comprises a mixed portfolio of largely provincial properties which are valued at £900,000, or 34.9p per share, and a leasing and finance arm whose overheads are understood to be entirely supported by Harmer. FIT, indeed, has no employees.

NO PROBE

The merger of **Hillsdown Holdings** and certain assets of **Imperial Group** is not to be referred to the Molopolies and Mergers Commission.

Menzies tops up Lonsdale terms

John Menzies was hoping last night to have dispelled the uncertainties surrounding its bid for *Lonsdale Universal*, the office equipment and printing group, by making an increased offer of 67p per share which Lonsdale has agreed to recommend and which has already allowed Menzies to lift its voting stake in Lonsdale to 41.4 per cent.

At the same time though, Mr Robert Maxwell appeared to be keeping open the options of his British Printing and Communications Corporation (BPCC), which last week made a competitive bid for Lonsdale of 66p per share and now holds 10.88 per cent of its ordinary shares.

Mr John Menzies, chairman of the Edinburgh-based newspaper distribution and stationery group, said discussions with Lonsdale had thrown up additional information justifying a higher bid. The company's sales of a loss-making engineering subsidiary had especially added to the attraction of Lonsdale. The new Menzies bid values Lonsdale at £6.3m.

The first preference shares carry 20 votes each as against 2 votes for each ordinary share, which accounts for the 41.4 per cent voting power now enjoyed by Menzies. Mr Menzies said last night that he anticipated receiving acceptances to the new bid very quickly, in the absence of any renewed offer from Mr Maxwell.

Mr Maxwell's intentions, meanwhile remain unclear.

Wolseley-Hughes' U.S. deal

BY RAY MAUGHAN

WOLSELEY-HUGHES, the heating and plumbing equipment distributor, has agreed to buy a similar business, Ferguson Enterprises, of Virginia, U.S. for £17.1m. The deal will be largely funded by the placing of 3m new ordinary Wolseley-Hughes shares, representing almost 16 per cent of the enlarged capital, at 345p per share to raise £10.1m net of expenses.

At the same time, the group has agreed to sell its agricultural driers and industrial heater subsidiary Benson Heating, formerly known as Nu-Way Benson, to its management headed by a main board director, Mr John Wheeler, for a consideration of £750,000.

The proposed U.S. deal will constitute Wolseley-Hughes' first move outside the British market and will establish the group in 54 locations in the south and south-east of America. Ferguson is to buy 12 distribution outlets which are currently leased to Ferguson by various partners for an aggregate sum of $3.9m.

Headed by Mr David Peebles, Ferguson has opened 34 outlets in the last six years. Its sales have doubled to $143.4m over the past five years, and profits before tax have expanded from $2.7m to $4.3m.

Sales last y ear grew by over 12 per cent, but taxable profits slipped by almost 15 per cent and, hit by the U.S. economic downturn, turnover in the first quarter this year is down on the comparable months of 1981.

LONDON TRADED OPTIONS

May 19. Total Contracts 1,126 Calls 680, Puts 446

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	312p
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P & O (c)	130	18	—	22	6	—	—	146p
P & O (c)	140	10½	23	14½	15	20	—	„
Racal (c)	330	92	—	105	1	—	—	410p
Racal (c)	420	22	11	40	—	50	—	„
Racal (p)	460	7	1	17	5	30	—	„
Racal (p)	390	11	33	20	—	25	—	„
RTZ (c)	460	15	20	29	—	40	—	432p
Vaal Rfs. (c)	50	5¼	40	4½	—	5½	—	$48

C=Call P=Put

COMPANY NOTICES

FIRST INVESTORS AMERICAN TRUST (Liquidated)

The liquidation of the above investment fund was closed on May 21, 1974, it being reminded that a first liquidation dividend of US$4 per share had been paid out on March 22, 1974 and the final dividend of US$0.134 per share was paid on May 23, 1974. [illegible]

The Sequestrator

NEDERLANDSE UNILEVER BEDRIJVEN B.V. formerly VAN DEN BERGH'S EN JURGENS' FABRIEKEN N.V.

[illegible]

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

INTERCOM SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE Société Anonyme place du Trône 1, Brussels, Belgium

NOTICE OF ANNUAL GENERAL MEETING [illegible]

BRITISH BORNEO PETROLEUM SYNDICATE, P.L.C.

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the above Company will be closed from 5th to 18th June, 1982, both days inclusive. [illegible]

TAYLOR WOODROW INTERNATIONAL FINANCE B.V.

The Annual Report and Accounts for the year ended 31st December, 1981 of the above Company [illegible]

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ELMYR de HORY FAKES own a magnificent Monet, Renoir, Van Gogh, Toulouse Lautrec [illegible] London 01-485 4828

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LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1981 AND IN THE MATTER OF PAUL AMOUR LIMITED [illegible]

IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1981 AND IN THE MATTER OF R. AND R. INVESTMENTS LIMITED [illegible]

PUBLIC NOTICES

KIRKLEES METROPOLITAN COUNCIL [illegible]

RESIDENTIAL PROPERTY

LEGAL NOTICES

HERON MOTOR GROUP P.L.C.

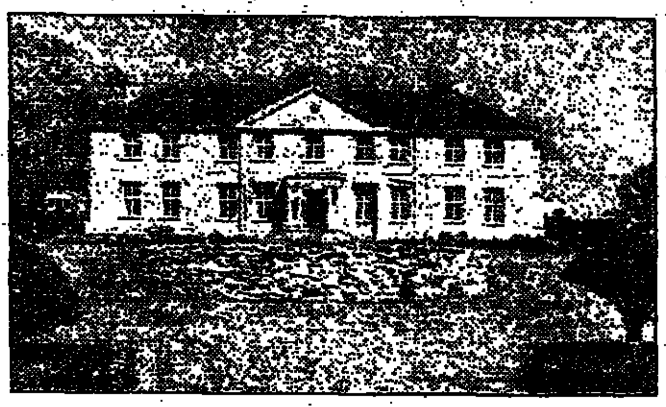
NOTICE IS HEREBY GIVEN that the Order of the Court of Session sanctioning a Scheme of Arrangement between Heron Motor Group P.L.C. and its minority shareholders and confirming the reduction of capital resolved on at the Extraordinary General Meeting of Heron Motor Group P.L.C held on 12th March 1982 was registered with the Registrar of Companies on 12th May 1982.

DUNDAS & WILSON
25 Charlotte Square,
Edinburgh
Solicitors for
Heron Motor Group P.L.C.

MOTOR CARS

THE NATIONAL RADIOPHONE CENTRE [illegible]

A SELECTION OF ESTATES AND FARMS



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Near Maidstone
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4 reception, 8 bedrooms, 3 bathrooms, oil-fired central heating, indoor swimming pool, sauna, jacuzzi, outbuildings, 2 cottages, stabling, garaging.

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Charing 3 miles. Ashford 5 miles.
An Outstanding Mixed Farm on Grade 2 Land

Modern farmbuildings. 3 cottages. Offered with or without main Farmhouse.

London Office Ref/AM.

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Within 30 Miles of Central London
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16th century moated farmhouse with 2 reception. main bedroom suite and 5 further bedrooms. office. range of attractive period farmbuildings. 2 cottages. modern grain complex with total storage capacity of 1500 tonnes.

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Within 35 Miles of Central London
A fully equipped, registered, Riding & Show Jumping Centre.

House with consent to extend and presently with 2 reception. 4 bedrooms. 2 bathrooms. planning permission for staff hostel. full size indoor show jumping arena. 2 stable yards with 31 boxes. large outdoor jumping ring, manege, extensive paddocks.

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Farmhouse. cottage. 150 cow dairy complex. 3 let cottages, valuable woodland, excellent shooting. As a whole or in 7 lots.

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A compact block of summer grazing land. part having produced a heavy crop in recent years and 10 acres of woodland.

As a whole or in 2 lots.

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NORTH YORKSHIRE 155 ACRES
Between Ripon & Harrogate
A most attractive Forestry & Sporting Estate.

155 acres of freehold dedicated woodland. Sporting rights over a further 1157 acres.

As a whole or in lots.

Boroughbridge Office: Tel: 09012 3171. Ref/JHJ.

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Within 40 minutes of London & 20 minutes of Heathrow.
A compact, well-maintained Small Estate.

Very attractive period manor house with 3 reception, large kitchen, 5 bedrooms, 3 bathrooms, numerous brick and tiled outbuildings, 10 acres. Also available 140 acres first class arable land with 400 tonne grain drying and storage unit, 10 acres of woodland.

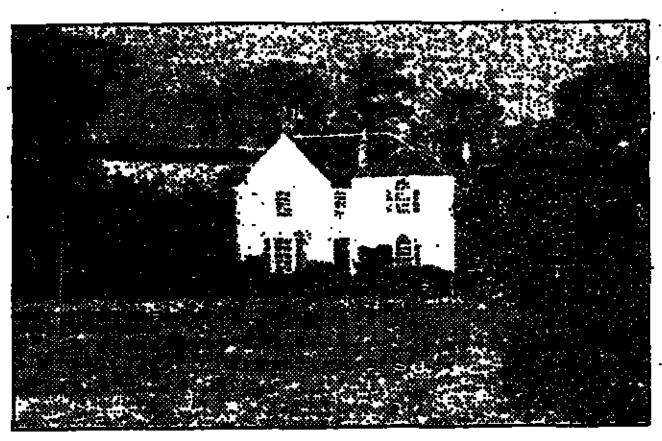
Further land to an overall total of 414 acres can be made available.

Joint Sole Agents: Simmons & Lawrence. Henley-on-Thames. *Tel: 04912 78301 and KF & R, London Office: Ref/CF.*

SUSSEX 135 ACRES
Between East Grinstead & Tunbridge Wells
A magnificent 15th century Country House in lovely countryside.

3 reception. 7 bedrooms. 5 bathrooms. oast cottage, outbuildings. heated swimming pool. hard tennis court, pair of cottages, magnificent gardens and grounds.

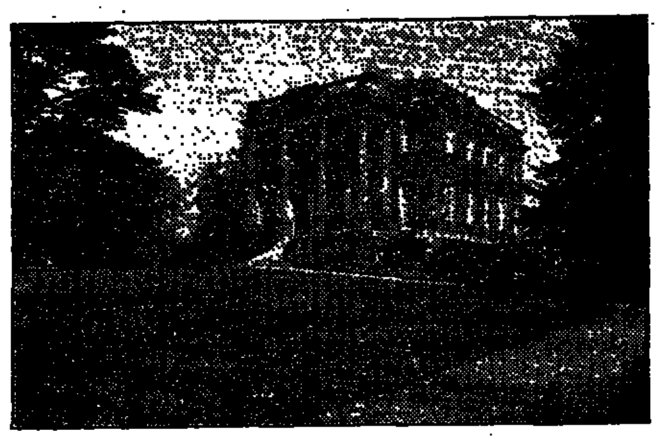
London Office: Ref/PR.



BERWICKSHIRE 1,100 ACRES Near Kelso
An outstanding Agricultural Property in the Heart of the Borders Country.

Superb early 18th century house with 3 reception. 6 bedrooms, 3 bathrooms, delightful gardens and grounds. excellent cattle and grain buildings. 6 cottages, over 700 acres of arable land. Pastureland, woodland. As a whole or in 5 lots.

Edinburgh Office: Tel: 031-225 7105. Ref/HACA.



NORTHAMPTONSHIRE 616 ACRES
Midway between Daventry & Banbury
A quite exceptional Residential and Agricultural Estate.

A classic late 18th century grade 1 listed House with 2 halls. 5 reception. 9 bedrooms. 6 bathrooms. nursery flat. 3 flats, garages and stabling. orangery. squash and tennis courts. beautiful gardens and parkland. a mixed dairy and arable farm with farmhouse and 3 cottages. As a whole or in 2 lots.

Joint Sole Agents: Lane Fox & Partners. Banbury. Tel: 0295 710592 and KF & R. **London Office: Ref/CF.**

NORTH HEREFORDSHIRE 126 ACRES
Leominster 4 miles
A First Class Stock and Arable Farm

Architect designed farmhouse with 2 reception, 5 bedrooms. bathroom. oil-fired central heating. outbuildings. range of modern farmbuildings, the land all in one block with good access.

Auction on 11th June.

Hereford Office Tel: 0432 273087 Ref/JAT.

WEST SUSSEX 106 ACRES
Near Horsham
A fine early 19th century house in an elevated position.

5 reception, main bedroom suite. 5 further bedrooms. 3 further bathrooms. kitchen/ breakfast room, garden room. central heating. heated indoor pool & sauna, stabling. garaging. hard tennis court, cottage, pasture and woodland.

London Office: Ref/PCT.

INVERNESS-SHIRE 50,000 ACRES
Fort William 47 Miles
One of Scotland's most famous sporting estates covering 80 square miles with 30 miles of coastline.

Magnificent main and 2 secondary houses, 30 other houses and cottages, renowned deer forest producing 140 stags and 250 hinds, 3 salmon and sea trout rivers, 1,100 acres of woodlands.

Joint Sole Agents: Conrad Ritblat & Co., Glasgow. Tel: 041-226 3971 and KF & R. **Edinburgh Office: Tel: 031-225 7105. Ref/CBSS.**

SUTHERLAND 19,200 ACRES
Lairg 9 Miles
An excellent Farming & Sporting Estate in the Highlands.

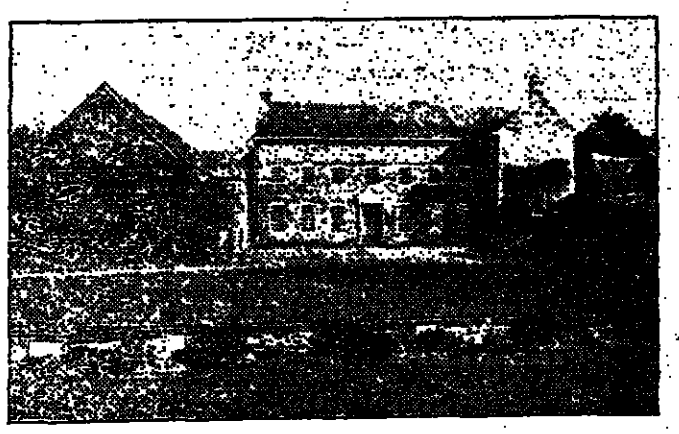
Shooting lodge. recently modernised farmhouse. 5 cottages. 3,000 sheep. deer forest averaging 31 stags. grouse moor. loch fishing. outline basis III dedication over 4,800 acres.

Edinburgh Office: Tel: 031-225 7105. Ref/CBSS.

NORTH DEVON 380 ACRES
Exmoor National Park
A productive Stock Rearing and Grazing Farm.

Substantial farmhouse with 2 reception. kitchen/living room. 5 bedrooms. bathroom. modern & traditional buildings. planning permission for further accommodation.

Joint Sole Agents: Phillips, Saunders & Stubbs, Barnstaple. Tel: 0271 75784. And KF & R. **London Office: Ref/CF.**



DEVON 278 ACRES
Tavy Valley
A fine Listed Manor House with commanding views.

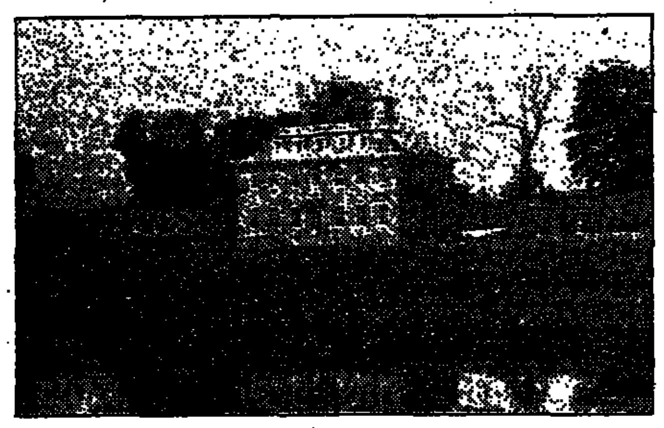
5 reception. 7 bedrooms, 4 bathrooms, old kitchen/dining room. listed barn. stables. cottage. gardens and grounds. common grazing rights. shooting rights over an additional 90 acres. The Lordship of the Manor is included.

Sherborne Office: Tel: 093-581 2236. Ref/MP.

DORSET 40 ACRES
Between Sherborne & Sturminster Newton
A Small Farm with Excellent Buildings.

Farmhouse with 2 reception. 4 bedrooms. bathroom, garages, stabling, garden, fishing. large covered yard, large Dutch barn.

Sole Agents: Senior & Godwin. Sturminster Newton. Tel: 0258 72244. KF & R. **Sherborne Office: Tel: 093-581 2236. Ref/MP.**



SOUTH DEVON 66 UP TO 900 ACRES
Near Plymouth
An outstanding Residential Estate.

Beautiful early Queen Anne house with 5 reception. 3 bedroom suites. 4/5 further bedrooms, indoor and outdoor heated swimming pools. tennis court, 2 guest/staff houses. gardens, parkland, lake. 66 acres. Additionally available are 93 acres of woodland. pasture and other lakes, private airstrip with large hangar. a first-class fully-modernised farm with house. dairy and stock buildings and 4 cottages.

Joint Sole Agents: Stratton & Holborow of Plymouth. Tel: 0752 666555 and KF & R. **London Office: Ref/CF.**

NORTH DEVON 430 ACRES
30 Miles Exeter
An unusually fine Residential Agricultural & Sporting Estate.

An outstanding Georgian House with period features. Entrance & inner halls, 4 reception, principal suite and 7 further bedrooms. 7 bedroomed secondary house. fully commercial farm with manager's house and 3 bungalows, 2 further cottages and flat.

London Office: Ref/CF.

CHESHIRE 495 ACRES
Near Frodsham. 10 Miles Chester
A most attractive Agricultural Investment

Two adjoining farms currently let at £16,830 per annum, and comprising three farmhouses. four cottages and two dairy units.

Joint Sole Agents: Denton Clark & Co., of Chester. Tel: 0244 312771 and KF & R. **London Office: Ref/PABP.**

SOUTH SHROPSHIRE 214 ACRES
Church Stretton 5 Miles
An excellent Stock and Sheep Farm.

Well modernised 4 bedroomed farmhouse, extensive integral cattle and sheep handling system including cubicle housing for 76, new field trough system and reservoir.

Shrewsbury Office: Tel: 0743 62587. Ref/ML.

WEST SHROPSHIRE 602 ACRES
Shrewsbury 15 Miles
An Agricultural Investment in 3 Holdings.

1. A dairy and arable farm of 223 acres – rent £5,850. 2. An arable and mixed farm of 220 acres – rent £6,100. 3. An area of mixed arable land of 159 acres – rent £4,300. A total gross rent of £16,250.

Shrewsbury Office: Tel: 0743 62587. Ref/ML.

WORCESTERSHIRE 423 ACRES
Edge of the Vale of Evesham
An outstanding Residential & Agricultural Property

Gentleman's modern residence with 3 reception. 5 bedrooms. 2 bathrooms. solar heated pool and landscaped garden. Georgian farmhouse, pair of cottages, stock rearing and arable buildings, stabling. 8 acre trout lake. duck flighting.

Joint Sole Agents: Banks & Silvers of Bromsgrove. Tel: 0527 75234 and KF & R. **London. Ref/AM. And Hereford, Tel: 0432 273087. Ref/KGM.**

GWENT 152 ACRES
Adjoining Newport and the M4 Motorway
An attractive Stock and Arable Farm.

Farmhouse with 3 reception. dairy. 5 bedrooms. bathroom. range of traditional buildings.

Hereford Office: Tel: 0432 273087. Ref/JAT.

KF
R

Knight Frank & Rutley

20 Hanover Square 01-629 8171

London W1R 0AH Telex 265384

Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS

Stone-Platt subsidiary in £1m buyout

THE management of Platt Longclose, the textile dyeing and sizing machinery manufacturing arm of Stone-Platt Industries, have bought out their company from Stone-Platt's receivers with the help of City backing.

In a deal believed to involve a total of nearly £1m the management, led by chief executive, Mr Trevor Hick, have subscribed 25 per cent of the equity of a newly formed company Longclose.

The Department of Industry will provide £185,000 towards the purchase price while the bulk of the cash has been raised by the English Association Trust, which will place the balance of the equity and a loan stock with clients. These include the English Association Development Fund and a number of institutions.

Platt Longclose, which was part of Platt Saco Lowell, had operated profitably and was particularly suited for a management buy-out, the English Association said. More than 80 per cent of turnover was exported.

On Monday another part of Stone-Platt, which went into receivership in March, was sold off by the joint receivers. Wellman Bibby bought the Stone Platt Transmission Products range of equipment.

Mass Developt. builds up Tozer stake

Mass Development Company B.E.C. of Bahrain, a subsidiary of Mussad Al Saleh and Sons Group of Kuwait, has built up its shareholding in Tozer Kemsley and Millbourn (Holdings), the international finance and investment group.

As speculation mounted in London yesterday about the identity of the purchaser of the 11 per cent shareholding which Mass Development held in Grindlays Holdings, it was revealed that Mass Development purchased 1.2m shares in Tozer on May 14. It is now interested in nearly 5m shares in Tozer representing 9.26 per cent of the equity.

Nottingham Manfg. buys leisure stake

Nottingham Manufacturing, one of the leading textile suppliers to Marks and Spencer, disclosed yesterday that it had acquired a near 10 per cent stake in the loss-making leisurewear and camping equipment retailer, Greenfields Leisure.

The holding was described by Greenfields' brokers, L. Messel, as an investment. The group is capitalised at £3m while Nottingham's cash and near cash balances at the December balance sheet date were shown at £35.7m.

Taylor Woodrow expansion

THE RESTRICTED volume of new work available in the UK for construction and trading companies and the consequent limitation on profit margins has prompted Taylor Woodrow, builder and civil engineer, to continue to look for profitable opportunities overseas.

During the past year the group extended its property investment interests in Australia and its housing and property operations in the U.S. where it is also planning to step up its opencast coal-mining operations.

In his annual report, Mr R. G. (Dick) Puttick, the chairman, says the group policy of searching for suitable new business prospects in this country and wherever else they are to be found in any part of the world will continue.

He says a reduction in expenditure on fixed assets and properties combined with the proceeds from sales of fixed assets contributed to a strong [illegible] flow so that the group ended 1981 with liquid funds [illegible] higher at £53m.

As reported on April 16, a [illegible] loss on a road contract in [illegible] resulted in the group's [illegible] profits for the 1981 year [illegible] virtually unchanged at [illegible] compared with £24.84m. [illegible] including associates, [illegible] to £575m, an increase [illegible]

[illegible] the directors said [illegible] represented the [illegible] of a loss suffered [illegible] They added that [illegible] were being pursued on the contract.

[illegible] consolidated [illegible] for 1981 shows [illegible] funds at £219.97m [illegible] net current [illegible] (£37.97m). [illegible] be held at 1 St [illegible] E. on June 11.

[illegible] HALL [illegible] INDEX [illegible] 15/5/82 [illegible]/80 100 [illegible]

LADBROKE INDEX
Close 570-575 (−3)

Sweden's LKAB may get loan from EC

SWEDEN'S Loussavaara-Kiirunavaara (LKAB) state-owned iron ore mining group is likely to get a long-term loan from the European Community to expand its mines in northern Sweden, according to Mr Viking Sjostrand the company's managing director.

He told AP-Dow Jones that LKAB will send the EC a letter at the end of this month outlining a Kr 2.5bn (£235m) 10-year expansion programme for the company's main mines at Kiruna and Malmberget.

Specific terms of the loan and its amount have not yet been discussed but it is thought that the loan sought is around Kr 300m (£28.6m) with a maturity of some 15 years.

Production from the proposed expansion programme would start in 1990. At present about 80 per cent of LKAB annual output of 25m tonnes of iron ore goes to the EC. This 14 per cent share of that market is expected to rise to 17 per cent within a few years.

The company has been running at a loss since 1976, but sees signs of profitability returning this year. It has been cutting costs and improving the recovery technology to deliver higher quality ores to customers.

ROUND-UP

Hit by the fall in gold prices, South Africa's marginal producer, Durban Deep, will need to resort to borrowing in order to cover shortfalls in liquidity. Shareholders are being asked to approve an increase in the company's borrowing powers from R4m (£2.06m) to R30m. The veteran gold mine also announces a shaft accident which will adversely affect production for about 10 days.

* * *

Mr Grahame Mapp, chairman of Australia's Oakbridge mining and industrial group says that although results for the first nine months of the current year to September 30 are better than those of a year ago they are still regarded as disappointing in view of the new coal capacity. "However, given reasonable operating conditions we expect to have a strong final quarter," he adds.

* * *

Canada's Echo Bay Mines, a unit of IU International, has poured its first unrefined gold from the C$134m (£59m) Lupin mine in the Northwest Territories. Gold reserves are put at more than 1m oz to a depth of 650 ft.

Tronoh Mines

DESPITE A sharp contraction in tin mining profits, Malaysia's Tronoh Mines has increased 1981 earnings to Ma$9.93m (£2.37m), or 69 cents per share, from Ma$8.26m in 1980.

Latest net profits have been underpinned by a gain of Ma$3.8m on a land sale and a much lower tax charge.

A final dividend is declared of 40 cents to make a total of 50 cents, less tax at 40 per cent, compared with the 1980 total of 110 cents less tax.

MINING NEWS

Amcoal earnings climb further in 1981-82

BY KENNETH MARSTON, MINING EDITOR

RESULTS OF Anglo American Coal Corporation (Amcoal) for the 15 months to March 31 bear out the South African coal giant's earlier confidence that it would fully maintain earnings growth in the period.

Net profits at the nine months' stage were up by 29 per cent and the total of R131.3m (£67.9m) now reported for the 15 months equal an increase on an annualised basis of 32.8 per cent over the R79.1m earned in the 12 months to December 31 1980.

The latest 15 months' accounting period arises from the change in Amcoal's financial year-end from December 31 to March 31 in order to match that of the parent Anglo American Corporation.

A final dividend for the extended period is declared of 95 cents (49p) which follows two earlier payments of 25 cents and 46 cents. For 1980 there was an interim of 36 cents and a final of 72 cents.

Amcoal points out that the latest results are after implementing the new policy of amortisation of mining assets and after changing from tax equalisation of the allowances arising from major capital expenditure programmes only to one of deferred taxation covering all the group's coal mining assets.

	15 months to 31.3.82 Rm	12 months to 1980 Rm
Turnover	802.7	465.5
Trading profit	258.0	127.4
Amortisation	14.8	—
Depreciation	4.7	3.3
Profit before tax	238.5	124.1
Normal tax	53.3	15.8
Equalisation tax	—	22.5
Deferred tax	44.3	0.5
Profit after tax	140.9	85.3
Minorities	9.6	6.2
Attributable	131.2	79.1

In order to make the latest profit directly comparable with that for 1980 it is thus necessary to add back the provision for amortisation of mining assets. This results in an annualised earnings increase of 47.8 per cent.

The latest earnings apply to a capital of 24.4m shares increased from 23.5m shares in 1980 as a result of the acquisition of Natal Anthracite Colliery.

Latest earnings per share of 537 cents represent an annualised increase of 27.6 per cent over the 336.7 cents per share earned in 1980. The increase becomes 42 per cent when the provision for amortisation of mining assets is added back.

The size of Amcoal is underlined by the fact that the group's total capital expenditure programme, which includes new collieries, is expected to amount to R1.85bn in end-1981 money terms of which Amcoal's investment would be R1.36bn.

Rising earnings of Amcoal stand out well against the otherwise gloomy background of dwindling profits and increasing losses being reported by virtually all other sectors of the mining industry.

Whether Amcoal can maintain its rate of profits growth in the current financial year remains to be seen, but there can be little doubt about the company's longer term growth prospects.

Zimbabwe tobacco export credit

By Tony Hawkins in Harare

TRADE finance totalling £28m to provide offshore funding for Zimbabwe's tobacco exports in 1982-83 was announced here yesterday by the Merchant Bank of Central Africa. The MBCA said it had arranged the offshore funds for tobacco in the form of a revolving export facility following a Zimbabwe government ruling that tobacco exports be financed from abroad from the time it is transported from Harare.

The regulation announced earlier this year is designed to sped up foreign exchange earnings at a time when Zimbabwe's balance of payments position is strained. The MBCA said the finance facility had been arranged and managed in London by N. M. Rothschild Bank Brussels Lambert (UK), Banque Nationale de Paris, Dresdner Bank and Hill Samuel.

Although the MBCA is the first Zimbabwean bank to publicly announce its tobacco financing arrangements, it is understood that other commercial and merchant banks have made similar arrangements for—in at least one case—even larger amounts.

Zimbabwe's tobacco exports last year were valued at £165m and this is expected to increase in 1982 to more than £185m.

Jute producers start talks on supply problems

BANGKOK — Jute-producing countries began talks yesterday on ways to overcome problems facing the jute industry.

The four-day meeting is sponsored by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

Shah Kibria, ESCAP executive secretary, said agreement should be reached on issues delaying completion on an international jute agreement.

He said the meeting would examine schemes on supply adjustments, competition with synthetics, and joint marketing to overcome the imbalance between supply and demand of jute and jute products.

EEC farm vote shocks consumers

BY OUR COMMODITIES STAFF

BRITISH CONSUMERS were "appalled" at the way new EEC farm support prices had been forced through in Brussels without Britain's agreement, the Consumers in the European Community Group (UK) said yesterday.

Commenting on news that EEC Farm Ministers had passed through farm price proposals on a majority vote, denying Britain's Minister, Mr Peter Walker, the right of veto, Mrs Kate Foss, the CECG chairman said. "are all future settlements to be made this way, without the agreement of member countries, against the interests of consumers?"

She described the new farm prices as like something out of Alice in Wonderland: "The biggest price increase ever means that already hard-pressed consumers will have to pay even more to encourage farmers to produce yet more food, which the Community doesn't want."

This totally illogical situation would place a heavy burden on poor families for whom spending on food was already disproportionately high, Mrs Foss declared.

"Farmers should get a fair return," she conceded, "but there must be a better way of doing this than artificially high prices which make the sugar and butter mountains and the olive oil lake even bigger."

The EEC already produced 75 per cent more sugar than it needed and spent a third of its budget on milk price support, although its production was 20 per cent above consmuption, Mrs Foss pointed out.

The CECG estimated that the prices forced through in Brussels would put an extra 8p on 500 grammes of cheese, 5p on a 250 gramme pack of butter, 3p on a kilo of sugar, 1½p on a kilo of flour and ½p on a large loaf.

Boost for soya market

BY TERRY POVEY

WORLD soyabean and soyabean product prices could rise because of a smaller predicted crop from Brazil, the U.S. Agricultural Department (USDA) says in its monthly "World Oilseed Situation" report.

Premiums on Brazilian fob soyabean oil reflected this yesterday and were traded 3.3 U.S. cents per pound over the July Chicago position, compared with 2.8 cents at the end of last week when the price for July futures was 20.94 cents per pound.

USDA believes that Brazil's soyabean crop will be down to 12.8m tonnes in the present season, which ends in September, 2.4m less than the record 1980-81 level. Brazilian exports of all soyabean products are therefore expected to fall and there is already market speculation that the country will become a net importer in the current year.

USDA says dry weather in the main growing area, principally the state of Rio Grande do Sul, is the main reason for the fall in the crop. Exports are seen as totalling 700,000 tonnes, down 0.5m on the projection made last month and 1m tonnes less than in 1980-81.

Carry-over stocks at the year end are expected to be very low and, in order to maintain its crushing levels, Brazil could import up to 1.4m tonnes, with the principal suppliers being Argentina, Paraguay and the U.S.

World soyabean and soyabean product prices have been falling since late 1980 but, according to USDA, may well now have reached their lowest price for the current marketing year. Stocks worldwide remain fairly high but have fallen since the start of the year. This coupled with a weakening of the dollar should see demand picking up and prices rising.

Fears over Jersey beef purity

BY OUR CHANNEL ISLANDS CORRESPONDENT

JERSEY'S Department of Agriculture is to examine the clash between farmers and cattle breeders that has been debated hotly for at least ten years—whether the importation of semen from, for example, Charolais bulls should be permitted in order to produce cross-bred beef stock.

Members of the Jersey Farmers' Union voted by more than 24-to-1 in support of a beef inquiry report recommending the importation of semen. But there was an overwhelming vote against the scheme at a subsequent meeting of the island's breed society, the Royal Jersey Agricultural and Horticultural Society.

Breeders believe it would be wrong to threaten the purity of the island breed for the sake of an experiment that could prove unprofitable. They see semen imports as opening a chink in the island's defences.

Jersey's government, in defence of breed purity, has retained an age-old ban on cattle imports, despite EEC regulations.

Breeders' fears have clearly not been allayed by assurances from Mr Stan Morel, president of the Jersey Farmers Union. He says that exports of cattle to the UK, U.S. Canada and other markets would not be endangered by starting beef production on the island.

In Guernsey, a pilot scheme to produce a cross-bred beef strain from imported Charolais semen was begun 10 years ago, although production is limited.

Meanwhile, Jersey's Department of Agriculture is to make up its own mind about beef semen importation after "impartial research," and will report back to the island parliament.

Rain damages Indian wheat

By K. K. Sharma in New Delhi

UNSEASONAL rain in the wheat-growing belt in northern India last week caused severe damage to the winter crop, a large part of which had been harvested and was lying in open fields awaiting threshing.

The Indian Government has sent study teams to the main wheat-growing states of Punjab, Haryana and Uttar Pradesh. There are fears that about 30 per cent of the wheat soaked by the rain has been damaged. The loss could be more than 2m or 3m

This follows earlier losses in the season when heavy hail and rain damaged the standing crop. There is therefore no chance of getting in the bumper 38m-tonne wheat crop hoped for.

With foodgrain stocks already below 11m tonnes, the Government will soon have to decide whether to import more wheat this year. Many food experts feel that imports are inevitable if the Government wants a minimum buffer of 12m tonnes and to maintain supplies to the public distribution system of ration shops.

S. African maize forecast up

PRETORIA — The third official estimate of South Africa's 1981-82 maize crop has been revised upwards to 8.53m tonnes from the second estimate of 8.42m tonnes, the Agriculture Department said.

The third estimate, which is based on conditions at the end of April, is, however, sharply down from 1980-81's record outturn of 14.64m tonnes.

Grain sorghum output is forecast little changed at 297,000 tonnes compared with last month's 296,000 tonnes projection, but is sharply below last season's 552,000 tonnes crop.

All South African summer cereals have been adversely affected by a protracted drought in main growing areas this year. Reuter

Preparing catfish for the UK dinner table

BY SARA EVANS

TO EDUCATE the tastebuds of a nation to accept a new fish on their dinner tables seems a tall order. To change the habits of the fish to suit the tastes of the consumer appears even more difficult. But this is what has happened to the American catfish.

The catfish, a relative of the barbel, is a scaleless warm water river fish. In its wild state its habitat is the muddy bottom of rivers in the south eastern states of the U.S., from the Mississippi delta to South Carolina.

It is a scavenger, using the "whiskers" that gave it its name to stir up the mud from which it feeds. As such its flesh has a "muddy" taste.

Now catfish farmers in the U.S. have completely changed the catfish's habitat and eating habits, which has resulted in the ugly creature once caught by Hucklebery Finn changing to a fish acceptable to American palates, and, it is hoped, to UK diners.

Now the fish are farmed in man-made freshwater tanks fed by artesian wells. In the Mississippi delta, eastwards and northwards through South Carolina there are 80,000 acres of these ponds.

The average size of the ponds owned by Welfed Catfish Inc, the company currently attempting to bring the fish to the UK, is 20 to 40 acres. Each pond has constantly changed water to a depth of 2 ft to 6 ft, fed by 28m gallons of artesian water.

Once the catfish eggs hatch, food is floated on the surface of the hatching tanks. This food mat is made up of a paste of soyabean meal, maize meal and grain. The young spawn are forced to feed on the surface or die.

Once surface feeding is established the young fish are transferred to larger ponds where their growth is dramatic as they are voracious feeders. The ratio of food absorbed to body weight is 1.7 to 1, compared with conversion of cattle of 8 to 1.

On reaching commercial weight of 1 lb to 1½ lb after about 18 months, Welfed harvest the fish by sein netting. To catch the fish in such large areas of water, in bad weather the company frequently uses a helicopter to lift out the netted harvest.

The fish are skinned and filleted by hand, as the fish farmers find mechanical preparation too wasteful.

Consumption in the U.S. has risen in the last 14 years to 100m lbs a year. Welfed produces about 450,000 lbs per week, or 25 per cent of total U.S. output. Now the company hopes to create a European market, and has run successful trials in restaurants in Switzerland and London.

Mr Jon S. Baird, who hopes to sell up to 20,000 lbs a year in the next two years in the UK, plans to import the fish by sea, ready frozen, filleted and packed in the U.S., to sell through supermarket outlets. He is at present experimenting in smoking whole, unskinned fish in his east London smoke house, and says the result is a smoked fish not unlike buckling.

One of the greatest obstacles he faces in persuading the British consumer to accept his product is its name: strict EEC rules of nomeclature and the Trades Description Act have so far defeated attempts to give the fish a more palatable name. But after trying "Mississippi Soul" (sic) on the public, he will doubtless find his fish an acceptable market image.

Outline agreement on tea pact terms

GENEVA — Tea exporters and consumers have agreed to work towards an International Tea Agreement with export controls as its main weapon to fight falling world tea prices.

A preparatory meeting here last week sketched out broad terms for the quota mechanism and ways of determining when prices rise high enough to allow more exports or fall to the point where tea would be withheld from the market.

It left open for further study the question of a buffer stock to store tea when the market is depressed. Third world producers have supported establishment of the buffer stock while industrialised nations consuming most of the world's traded tea opposed it.

The U.S., the only one of the 43 countries here to express clear dissatisfaction with the talks, said it opposed any measures designed to influence supplies or prices.

Tea prices have fallen by 30 per cent on the world market over the past 10 years, undermining the export earnings of producer countries.

The United Nations Conference on Trade and Development (Unctad), which hosted the tea talks, will probably have to organise two more meetings of tea experts before the issue can be brought to a negotiating conference, Unctad officials said.

No specific prices were mentioned, but the agreement is expected to contain minimum and maximum prices which would be adjusted annually.

A global export quota, to apply to all producers exporting more than 10,000 tonnes a year, would be worked out by producers on the basis of expected world imports for the next year and then distributed among themselves. Reuters.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER VALUES lost ground on the London Metal Exchange as a rally in sterling against the dollar, coupled with a poor opening on Comex depressed forward metal from £883 to a closing level of £875. Trade support sustained Lead which closed at £330.5, while Zinc was finally £420, after £425. Aluminium fell to its lowest-ever level on the LME of £552, reflecting the recovery in sterling and the trend in copper. Nickel dipped to £2,880. Tin fell to £7,120 on renewed nervous selling but rallied to close at £7,140, with high grade at £7,150, owing to a resumption of buffer stock support.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	851.5-.5	-1.5	846-7	-7.75
3 mths	880-.5	-2.5	876.5-7	-7
Settlem't	851.5	-1.5	—	......
Cathodes				
Cash	841.5-2	-3	838.5-9	-6.5
3 months	871-2	-3.25	868-.5	-7
Settlem't	842	-3	—	......
U.S. Prod.	—	—	*77-81	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £850.50, three months £883.00, 82.50, 82.00, 81.50, 81.00, 80.00, 80.50. Kerb: Higher Grade, three months £880.50. Afternoon: Higher Grade, three months £877.00, 76.50, 76.00, 76.50. Kerb: Higher Grade, three months £876.50, 76.00, 75.50, 75.00. Turnover: 24,925 tonnes.

Tin—Morning: Standard, three months £7,160, 50, 40. Kerb: Standard, three months £7,140, 30, 40. Afternoon: Standard, three months £7,140, 20. Kerb: Three months £7,125, 30, 40. High Grade, three months £7,140, 50. Turnover: 2,180 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7020-30	-47.5	7015-25	-20
3 months	7150-60	-52.5	7120-5	-50
Settlem't	7030	-45	—	......
Standard				
Cash	7020-30	-47.5	7015-20	-22.5
3 months	7130-50	-52.5	7120-5	-50
Settlem't	7030	-45	—	......
Straits E.	$29.54	......	—	......
New York	—	......	—	......

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	318-.5	+5.62	318.9	+4
3 months	330.5-1	+4.5	331.5-2	+4
Settlem't	318.5	+5.75	—	......
U.S. Spot	—	......	*26-8	......

Lead—Morning: Cash £316.50, 17.50, 18.00, three months £328.50, 29.00, 30.00, 31.00. Kerb: Three months £331.00, 30.00, 30.50, 31.00. Afternoon: Three months £331.00, 31.50. Kerb: Three months £331.00, 31.50, 31.00, 30.00. Turnover: 29,975 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	416-.5	+6	413.5-4.5	+3.75
3 months	422.5-3	+5.5	421-.5	+4
S'ment	416.5	+6	—	......
Primw'ts	—	......	*35	......

Zinc—Morning: Cash £417.00, three months £420.00, 23.00, 23.50, 23.00, 24.00. Kerb: Three months £423.50, 23.00, 23.50, 24.00. Afternoon: Three months £423.00, 22.50, 22.00, 21.50, 21.00. Kerb: Three months £421.00, 20.00. Turnover: 6,375 tonnes.

Aluminium—Morning: Cash £537.50, three months £561.00, 60.00, 59.50. Kerb: Three months £559.00, 58.50, 58.00. Afternoon: Three months £556.00, 55.50, 55.00, 54.50, 55.00, 54.00, 53.00. Kerb: Three months £553.00, 52.00, 52.50, 52.00, 53.00. Turnover: 9,750 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	536.5-7.5	-1.25	531.5-2.5	-4.5
3 months	559-.5	-1.5	553-4	-4.75

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2850-60	+7.5	2805-15	-35
3 months	2925-29	+9.5	2875-80	-40

Nickel — Morning: Three months £2,930, 25, 26. Kerb: Three months £2,922. Afternoon: Three months £2,920, 15, 10, 2,890, 2,900, 2,890, 85, 80. Kerb: Three months £2,880, 85, 80. Turnover: 312 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous official close.

SILVER

Silver was fixed 0.9p an ounce higher for spot delivery in the London bullion market yesterday at 371.0p. U.S. cent equivalents of the fixings were: spot 669.3c, down 6.7c; three-month 692.9c, down 6.6c; six-month 716.8c, down 6.7c; and 12-month 766.7c, down 6.6c. The metal opened at 368-371 (667-671c) and closed at 369-372p (699-673c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	371.00p	+0.90	370.00p	-1.25
3 months	383.62p	+1.92	381.70p	-1.05
6 months	394.65p	+1.15	—	......
12months	420.35p	+1.55	—	......

LME—Turnover 59 (58) lots of 10,000 ozs. Morning: Three months 383, 82.3, 82. Kerb: Untraded. Afternoon: Three months 385.5, 82. Kerb: Three months 381.

COCOA

Futures continued to ease as fresh chartist selling caused prices to trade at recent lows. Producers remained withdrawn from current levels while offtake among consumers was again scarce, reports Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
May	910-13	-5.5	917-10
July	939-40	-12.0	949-36
Sept.	969-70	-8.5	975-65
Dec.	1009-10	-9.0	1017-05
March	1040-42	-6.5	1047-38
May	1063-65	-5.5	1070-62
July	1084-87	-5.0	1086-85

Sales: 2,581 (2,258) lots of 10 tonnes.

ICCO—Daily prices for May 18: 76.57 (77.86). Indicator price for May 19: 78.39 (79.19).

COFFEE

Robustas failed to respond to a late rally in New York as early trade selling contributed towards an easier trend, reports Drexel Burnham Lambert. Continued pressure triggered some stop-loss orders and the decline accelerated to briefly touch the psychological support at 1100 basis July.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1110-13	-5.5	1125-05
July	1104-05	-17.5	1126-00
Sept.	1069-70	-19.0	1094-66
Nov.	1055-60	-16.0	1078-57
January	1055-57	-15.0	1075-55
March	1052-56	-8.5	1058-50
May	1040-56	-10.0	—

Sales: 3,733 (3,081) lots of 5 tonnes

ICO Indicator prices for May 17 (U.S. cents per pound): Comp. daily 1979 120.14 (121.05); 15-day average 122.40 (122.65).

GAS OIL FUTURES

A stronger dollar brought physicals and futures down during the morning. Later futures continued to fall, rallying a little on the New York opening before dropping again to reach the lows on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	299.75	-5.25	309.00-98.75
June	292.25	-9.75	302.90-91.75
July	289.00	-7.00	294.75-88.50
August	289.25	-6.20	293.50-88.25
Sept.	289.50	-6.50	295.25-89.50
Oct.	293.00	-5.00	297.00-92.25
Nov.	295.00	-6.00	—
Dec.	298.00	-9.00	—
Jan.	299.00	-6.25	—

Turnover: 1,821 (2,894) lots of 100 tonnes.

GRAINS

Markets opened 10p up, apart from May barley at unchanged. Old crop remained steady during morning session, only to be met in the afternoon with good shipper and commercial selling due to profit-taking. Wheat closing 55-75 down; May barley 20p up but well below its highs. New crop wheat traded good volumes, closing 15-30p up. New crop barley unchanged to 5p up on the day, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	120.20	-0.55	111.10	+0.20
July	122.90	-0.75	—	—
Sept	109.55	+0.25	105.25	—
Nov	113.45	+0.30	108.90	+0.05
Jan	117.35	+0.15	112.85	-0.05
Mar	120.75	+0.15	116.25	—

Business done—Wheat: May 121.25-120.20, July 123.90-122.90, Sept 109.60-109.45, Nov 113.45-113.20, Jan 117.30-117.15, March 120.70-120.65. Sales: 150 lots of 100 tonnes. Barley: May 111.30-111.00, Sept 105.25-105.10, Nov 108.90-108.85, Jan 112.90-112.80, March 116.30 only. Sales: 50 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 113.30, S. West 112.70, W. Mids. 111.50, N. West 113.50. The UK Monetary Coefficient for the week beginning Monday, May 24 (based on HGCA calculations using five days' exchange rates), is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent, May 111.75, June 111, July 110 transhipment East Coast seller. English Feed fob May 122, Sept 113, Oct/Dec 111.50 East Coast. Maize: French May 136.25 transhipment East Coast seller. South African White/Yellow Oct/Dec 86.00. Barley: English Feed fob Aug 107, Sept 108.25 East Coast.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed quietly steady. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 207.00 (208.00) cents a kg and SMR 20 188.5 (182.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	55.00-55.80	54.80-55.00	55.20-54.80
July	56.20-56.50	55.70-56.10	56.30
Jly-Sept	56.40-56.30	56.20-56.50	55.50-56.00
Oct-Dec	57.60-57.70	57.20-57.40	57.70-57.20
Jan-Mar	59.50-59.60	59.10-59.30	59.60-59.40
Apl-Jne	61.50-61.60	60.70-61.00	—
Jly-Sept	62.80-63.20	62.60-62.90	—
Oct-Dec	64.90-65.00	64.40-64.70	—
J'n-Mch	66.50-66.70	66.00-66.20	66.50-66.50

Sales: 167 (70) lots of 15 tonnes, 15 (—) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 54.50p (same); June 52.00p (same); July 53.25p (53.00p).

SOYABEAN MEAL

The market opened higher on commission house buying, reports T. G. Roddick. Prices remained firm with weaker sterling encouraging short covering and closed with gains of £1.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	155.20-35.5	+1.10	—
August	154.70-35.0	+1.15	155.50-35.00
October	154.90-55.0	+0.70	155.80-35.00
Dec.	158.00-58.5	+0.50	155.80-56.00
Feb.	140.50-42.0	+0.25	—
April	142.00-45.0	+0.75	142.50

Sales: 162 (136) lots of 100 tonnes.

Soyabean Oil—The market opened U.S.$2 lower on profit-taking but renewed commercial support firmed prices which closed with small gains. Closing prices (U.S.$ per tonne): June 525.00; Aug 525.00-522.00; Oct 529.00; Dec 532.00-531.50; Feb 532.00-531.50; April 532.00. Turnover: 38 (47).

WOOL FUTURES

SYDNEY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 548.0, 569.5, 552.0-540.0; July 545.0, 550.0, 545.0-542.0; Oct 524.0, 524.5, 524.0-522.5; Dec 528.0, 529.0, 529.0-527.0; March 532.0, 533.0, 532.0; May 536.0, 538.0, untraded; July 543.0, 545.0, 543.0-542.0; Oct 542.0, 544.0, 542.0. Sales: 219.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May seller 385, nil; Aug 390, 393, nil; Oct 399, 402, 402-401; Dec 402, 407, nil; Jan 405, 408, nil; March 416, 420, nil; May 425, 428, nil; Aug 433, 438, 437; Oct 437, 441, 441-440. Sales: 7.

SUGAR

Trading was confined within a £3 range of prices in another quiet trading session. The postponement of the Iraq tender together with the improvement in sterling against the U.S. dollar produced a weaker tone late afternoon when August traded as low as £116.75, reported Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	117.60-17.75	119.50-19.10	120.00-16.75
Oct	122.60-22.75	125.80-25.85	124.75-22.00
Jan	125.00-27.00	126.00-30.00	—
March	135.60-33.55	134.85-35.00	135.25-33.25
May	138.50-37.00	138.25-38.50	139.00-38.00
Aug	140.00-42.50	140.75-45.25	—
Oct	143.00-47.50	144.50-48.75	—

Sales: 1,697 (—) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £218.00 (£214.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 17: Daily price 7.89 (7.67); 15-day average 8.47 (8.53).

LONDON DAILY PRICE—Raw sugar £112.00 (£109.00) a tonne cif May-June-July shipment. White sugar daily price £143.00 (£140.00).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 94 tonnes. Caution remained the keynote for business in the raw material. Numerous types were sought, but the offtake was irregular and mostly in African and Middle Eastern styles.

POTATOES

LONDON POTATO FUTURES—The market eased further, despite opening slightly steadier, closing at the lows midday. Afternoon trade was thin, with prices rising towards the close on light profit-taking, reports Coley and Harper. Closing prices: Nov 65.20, −0.30 (high 65.70, low 65.00); Feb 74.60, −0.90 (high 75.70, low 74.10); April 86.30, −1.00 (high 87.60, low 86.00); May 98.40, −0.60 (high 99.60, low 97.70). Turnover: 246 (289) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 82.2 to 87.2; Ulster hindquarters 98.0 to 101.5, forequarters 56.0 to 59.0. Veal: Dutch hinds and ends 119.0 to 124.0. Lamb: English small (new season) 85.3 to 93.3, medium (new season) 84.0 to 88.0, heavy (new season) 80.0 to 84.0. Imported: New Zealand PL 62.0 to 64.2, PM 61.0 to 63.0, PX 61.5 to 63.0, YL 60.0 to 62.0. Pork: English, under 100 lb 36.0 to 55.0, 100-120 lb 43.0 to 54.0, 120-160 lb 39.5 to 50.5.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle, 101.67p per kg lw (−1.80); UK—Sheep, 182.54p per kg est dcw (−22.98); GB—Pigs, 75.06p per kg lw (−0.63).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Cypriot: 15-kg Valencia Lates 3.20-5.50; Jaffa: 20-kg Valencia Lates 56 6.25, 60 6.25, 75 6.25, 88 5.85, 105 5.50, 123 4.85, 144 4.50, 168 4.50; Moroccan: 16-kg Valencia Lates 48/113 4.00-6.50; Spania: Valencia Lates 6.00-6.50. Lemons—Spania: Trays 5-kg 40/50 1.40-1.80; Jaffa: 16-kg 90/105 4.50-5.00; Outspan: 15½-kg 80/120 5.00-6.00; Italians: 100/120 3.50-4.00. Grapefruit—U.S.: 16/17-kg, Florida Ruby 8.50; Cypriot: Small cartons 17-kg 3.20-5.00; Jaffa: 20-kg 27 4.25, 32 4.45, 36 4.45, 40 4.65, 48 4.95, 56 4.95, 64 4.75, 75 4.50, 88 4.00. Apples—French: Golden Delicious 9-kg 6.00, 18-kg 10.00-11.00, Starkcrimson 10.00-11.50; New Zealand: 18-kg Cox's Orange Pippins 14.00-16.00, Red Delicious 12.00-13.50, Golden Delicious 10.00-12.00; Chilean: 18-kg Granny Smith 11.00-12.00; S African: Granny Smith 12.00-13.00, Golden Delicious 12.00-13.00, Starkcrimson 11.50-12.50; U.S.: 18-kg Red Delicious 9.00-14.00. Pears—S. African: 15-kg Packham's Triumph 9.00-10.50, Comice 34-lb 9.50-11.50; Italian: Per pound Passacrassane 0.14-0.16. Peaches—Israeli: 18/27 3.00-3.60. Grapes—S. African: Barlinka 5.80-6.00; Chilean: 5-kg Thompson 8.20-9.00, Red Emperor 5.50, Almeria 8.00-8.50. Strawberries—Spanish: 8-oz 0.25-0.35; Italian: 8-oz 0.35-0.40; Belgian: 0.40-0.45; U.S.: Trays 12.00. Cherries—French: Per pound 0.80-1.00; Spanish: 0.80-1.00. Melons—Senegal: English Produce: Potatoes—Per 55-lb, White 4.80-5.50, Red 5.00-5.80, King Edwards 4.80-6.00. Per pound, new 0.20-0.25. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.20-0.34. Lettuce—Per 12, round 1.80-2.60, Cos 10's 3.00, Webb's 12's 2.60-2.80. Onions—Per 55-lb 40/80mm 2.60-3.50. Spring Onions—Per bunch 0.10-0.12. Carrots—Per 28/28-lb 2.00-4.00. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Rhubarb—Per pound, outdoor 0.06-0.10. Leeks—Per 10-lb 1.20-1.50. Parsnips—Per 26/28-lb 1.20-1.80. Cucumbers—Per package 2.80-3.20. Greens—Per 30-lb Kent 2.40-4.00. Tomatoes—Per 12-lb box D/E 4.20-4.80. Cauliflowers—Per 12, Kent 3.20-4.80. Asparagus—Per pound 0.80-1.80. Strawberries—Per 8-oz 0.40-0.60, 4-oz 0.20-0.30. Celery—Per 12/30 5.00-7.00. Raspberries—Per 4-oz pack 1.50-2.00.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £3.20-£4.40; large haddock £4.40-£5.00, medium £3.60-£4.40, small £2.50-£3.20; medium plaice £6.30, best small £4.00-£4.50, skinned dogfish (medium) £3.50; lemon sole (large) £8.50, (medium) £7.50; rockfish £1.90-£2.80; saithe £2.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 18 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$970/1000	-5	$985/1015
Copper			
Cash h grade	£846.50	-7.75	£858
3 mths	£876.75	-7.00	£887.25
Cash Cathode	£838.75	-6.50	£853
3 mths	£868.25	-7.00	£882
Gold troy oz	$337.25	+2.875	$342.75
Lead Cash	£318.5	+4.0	£318.5
3 mths	£331.75	+4.0	£332.25
Nickel	£3974	......	£3925
Free mkt	235/265c	5	245/275c
Platin'mtr oz'y	£260	......	£260
Freemkt	£175.25	......	£118.15
Quicksilver†	$360/375	......	$370/380
Silver troy oz	371.00p	+0.90	406.20p
3 mths	382.62p	+1.92	419.80p
Tin Cash	£7020	-20.0	£7132.5
3 mths	£7122.5	-50.0	£7358
Tungsten22.0lb	$106.96	......	$114.29
Wolfrm 22.4lbs	$108/112	......	$102/107
Zinc Cash	£414.0	+3.75	£416
3 mths	£421.25	+4.00	£418.75
Producers	$860/900	......	$860/860
Oils			
Coconut (Phil)	$500u	-15	$497.5
Groundnut	$640u	-10	$685
Linseed Crude	‡	......	‡
Palm Malayan	$510v	......	$500
Seeds			
Copra Ph lip	$335	......	$330
Soyabean (U.S.)	$275	-3.5	$269.5
Grains			
BarleyFut. Sep	£105.25	+0.40	£103.45
Maize	‡	......	£135.5
Wheat Fut.July	£122.90	+0.75	£122.40
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£969.5	-12.0	£1,006
Future July	£939.5	-12.0	£945.5
Coffee Ft July	£1104.5	-17.5	£1122.5
Cotton A.Index	76.75c	-0.10	71.25c
Gas Oil June	$292.25	-9.75	$272
Rubber (kilo)	54.5p	......	56.75p
Sugar (Raw)	£112u	+3	£129
Woolt'ps 64s kl.	397p kilo	......	401pkilo

‡ Unquoted. v June. u May-June. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller. b May-June-July.

GOLD MARKETS

Gold showed little change in the London bullion market yesterday, falling $¼ to $336¾-$337¾. It opened at $335¾-336¼, the lowest level of the day, and touched a peak of $338-338¾. The metal was fixed at $337.50 in the morning, and $338.00 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 66,250 per kilo ($340.90 per ounce) in the afternoon, compared with FFr 66,250 ($341.01) in the morning, and FFr 65,500 ($340.93) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 25,275 per kilo ($338.98 per ounce), against DM 24,970 ($339.01), and closed at $337¾-338¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $336.75, compared with $337.80.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	191.15-91.20	+0.150	192.50-90.95
Sept'mb'r	192.70-92.90	+0.225	193.80
October	194.70-94.85	+0.425	195.70-95.25
November	196.70-96.80	+0.425	—

Turnover: 834 (811) lots of 100 troy ozs.

	May 18		May 17	
Gold Bullion (fine ounce)				
Close	$336¾-337¾	(£186-186½)	$337½-338½	(£185-185½)
Opening	$335¾-336¼	(£185½-186)	$337-337¾	(£184½-185)
Morning fixing	$337.50	(£186.981)	$337.25	(£184.451)
Afternoon fixing	$338	(£187.050)	$338.50	(£185.406)
Gold Coins				
Krugerrand	$346¼-347	(£190¾-191¼)	$347½-349½	(£190½-191½)
1/2 Krugerrand	$178¼-179¼	(£98¼-98¾)	$179½-180½	(£98¾-99¼)
1/4 Krugerrand	$90¾-91¾	(£50-50½)	$91¾-92¾	(£50½-51)
1/10 Krugerrand	$37-38	(£20½-21)	$37½-38½	(£20½-21¼)
Mapleleaf	$345¾-346¾	(£190½-191)	$347½-349½	(£190½-191½)
New Sovereigns	$81½-82	(£45-45¼)	$82-83	(£45-45½)
King Sovereigns	$95-96	(£52½-53)	$95-96	(£52-52½)
Victoria Sovs	$95-96	(£52½-53)	$95-96	(£52-52½)
French 20s	$70-80	(£38½-44)	$70½-80½	(£38¾-44¼)
50 pesos Mexico	$412¼-414¾	(£227¼-228½)	$414¾-417¼	(£228¼-229½)
100 Cor. Austria	$328-330½	(£180¾-182¼)	$330-332½	(£181½-183¾)
$20 Eagles	$430-435	(£237-239¾)	$433-438	(£238¼-241)

AMERICAN MARKETS

NEW YORK, May 18.

THE LIVESTOCK complex finished sharply lower on rumours of a lift in the ban on Danish exports to Japan. Copper came under heavy pressure from stop-loss selling after financial instruments broke sharply. Cocoa sold off moderately on persistent technical selling, Heinold reported.

Copper—May 68.50 (70.10), June 68.50 (70.55), July 69.70-69.85, Sept 71.50-71.60, Dec 73.90-74.10, Jan 74.80, March 76.40, May 78.00, July 79.50, Sept 80.80-81.00, Dec 84.10, Jan 84.00-84.50, March 85.70.

*Gold—May 340.8 (334.6), June 341.5-342.5 (336.2), July 345.6, Aug 349.0-350.0, Feb 371.7, April 379.5, June 387.5, Aug 395.6, Oct 403.8, Dec 412.1, Feb 420.4.

*Platinum—July 317.0-317.5 (309.3), Oct 324.5-325.0 (310.0), April 345.5, July 356.5.

Potatoes (round whites)—Nov 79.0 (79.3), Feb 87.5 (88.0), March 92.1, April 105.8.

¶Silver—May 670.7 (664.9), June 673.5 (667.7), July 680.5-683.0, Sept 699.0-700.0, Dec 722.1-724.0, Jan 731.3, March 747.9, May 764.5, July 781.1, Sept 797.7, Dec 822.7, Jan 831.0, March 847.6. Handy and Harman bullion spot: 666.50 (673.00).

Sugar—No. 11: July 8.07-8.08 (8.22), Sept 8.33 (8.49), Oct 8.55, Jan 8.90, March 9.56-9.57, May 9.82-9.83, July 10.08-10.10, Sept 10.15-10.20, Oct 10.25.

Tin—578.00-581.00 (585.00-588.00).

CHICAGO, May 18.

Lard—Chicago loose 22.50 (same).

Live Cattle—June 72.75-72.90 (73.12), Aug 67.27-67.35 (67.92), Oct 64.10-64.20, Dec 64.10-64.25, Feb 63.80-63.85, April 64.10, June 65.75.

Live Hogs—June 62.45-62.30 (62.90), July 62.55-62.45 (63.35), Aug 61.80-61.40, Oct 57.80-57.87, Dec 57.60-57.50, Feb 53.80-53.50, April 50.00, June 51.80, July 52.15.

‡‡Maize—May 268½-268¾ (268¾), July 278-278¾ (277¾), Sept 280½, Dec 284¾-284½, March 297¼-297½, May 306¾.

Pork Bellies—May 88.85 (90.55), July 87.35-87.35 (89.35), Aug 85.12-85.12, Feb 75.25-75.50, March 78.00, May 75.60, July 76.10-75.25, Aug 74.75.

‖Soyabean Meal—May 190.4 (191.5), July 192.0-192.1 (192.1), Aug 192.6-192.8, Sept 194.5, Oct 194.5, Dec 197.7-197.6, Jan 200.0, March 203.5-204.0, May 206.5-206.7.

Soyabean Oil — May 20.63 (20.45), July 20.89-20.97 (20.89), Aug 21.21-21.20, Sept 21.40, Oct 21.55, Dec 21.94, Jan 22.05, March 22.30-22.35, May 22.55-22.60.

†Soyabeans—May 662¼ (661½), July 670-671 (668), Aug 674¾-674½, Sept 675, Nov 679½-679, Jan 692½-693, March 706½-707.

†Wheat—May 352 (350), July 363¾-364½ (362), Sept 379, Dec 399¾-400, March 415½, May 422-422½.

WINNIPEG, May 18.

§Barley—May 127.40 (127.80), July 127.20-127.30 (127.59), Oct 126.20, Dec 127.00, March 129.10.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 222.19 (222.44).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—May 1560 (1622), July 1571 (1597), Sept 1622, Dec 1682, March 1736, May 1785, Jul 1818. Sales: 2,225.

Coffee—"C" Contract: May 139.00 (140.70), July 123.10-123.70 (124.79), Sept 118.50-119.00, Dec 116.00, March 113.01-114.50, May 111.00-113.00, July 108.00-114.00, Sept 107.00-113.50. Sales: 1,670.

Cotton—No. 2: July 66.75-66.80 (67.25), Oct 69.75-69.80 (70.10), Dec 71.15-71.20, March 73.00-73.10, May 74.10-74.50, July 75.10-75.50, Oct 76.10-77.00. Sales: 7,850.

*Gold—May 334.6 (338.2), June 336.0-336.5 (340.0), July 339.8, Aug 343.3-343.8, Oct 350.9, Dec 358.3, Feb 365.9, April 373.7, June 381.7, Aug 389.8, Oct 398.0, Dec 406.3, Feb 414.6.

Orange Juice—May 116.75 (117.25), July 120.95-121.00 (120.45), Sept 123.90, Nov 125.10, Jan 126.40-126.70, March 127.80-128.10, May 129.20-129.50, July 130.60-130.90, Sept 132.00-132.30. Sales: 500.

*Platinum—July 312.0-313.0 (322.6), Oct 319.5-320.0 (331.3), Jan 330.4, April 340.8, July 351.8.

CHICAGO, May 17

Chicago Imm. Gold—June 336.0-336.3 (339.8), Sept 347.4-347.0 (350.8), Dec 358.5, March 369.4, June 381.0, Sept 392.9.

WINNIPEG, May 17.

§Barley—May 127.80 (130.00), July 127.50 (127.20), Oct 126.40, Dec 127.20, March 129.10

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 222.44.

EUROPEAN MARKETS

ROTTERDAM, May 18.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent, spot cif Ghent 200.50. U.S. No. 2 Red Winter May 159. U.S. No. 3 Amber Durum May 183, June 182, July 182, Aug 184, Sept 188, Oct 191, Nov 192. U.S. No. 2 Northern Spring, 14 per cent, May 183.50, June 180.50, July 178, Aug 178, Sept 180, Oct 183, Nov 185.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow afloat 134, May 133, June 131.25, July 132, Aug 131.75, Sept 131, Oct/Dec 130.50, Jan/March 138 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports May 29, June 269.25, July 270, Aug 271, Sept 271, Oct 268.60, Nov 268.60, Dec 270.70, Jan 276, Feb 280.25, March 283.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 241-242, cif Amsterdam 241-244.5 traded afloat 237, May 236, June 235, July/Sept 235, Nov-March 245 sellers. Pellets Brazil afloat 251-255, cif Ghent 255 and 247.50, cif Rotterdam 252, cif Ghent traded afloat 257, May 245.60, June 243.50, July/Sept 246, May/Sept 248, Nov/March 260 sellers.

PARIS, May 18.

Cocoa—(FFr per 100 kg): May 985-995; July 1025-1035; Sept 1055-1070; Dec 1105-1120; March 1150-1165; May 1190-1200; July 1215-1225. Sales at call: nil.

Sugar—(FFr per tonne): July 1480-1510; Aug 1500-1501; Oct 1470-1480; Dec 1480-1485; March 1574-1575; May 1615-1620; July 1650-1655. Sales at call: 18.

INDICES

FINANCIAL TIMES

May 17	May 14	Month ago	Year ago
239.50	241.76	243.51	252.94

(Base: July 1 1952=100)

MOODY'S

May 17	May 14	Month ago	Year ago
1007.8	1006.9	997.2	1083.0

(December 31 1931=100)

DOW JONES

Dow Jones	May 17	May 14	Month ago	Year ago
Spot	125.74	125.80	125.69	—
Futr's	128.16	128.83	129.10	—

(Base: December 31 1974=100)

REUTERS

May 18	May 17	M'nth ago	Year ago
1571.1	1570.6	1599.0	1690.2

(Base: September 18 1931=100)

Fresh early Wall St decline

MONDAY'S SHARP fall on Wall Street was taken a stage further in fairly active early dealings yesterday.

Analysts said the weakness so far this week resulted from worries over continuing high U.S. interest rates, as well as a technical correction after the market's recent advance.

The Dow Jones Industrial Average, following a 12.4 setback the previous day, was 3.52 lower at 841.80 by 1 pm. The NYSE All Common Index receded 35 cents more to $67.01 and declines led gains by more than a two-to-one ratio. Turnover came to 35.19m shares, against Monday's 1 pm figure of 33.35m.

Chase Manhattan was off $2 to $50 on volume of over 191,000 shares. The company said a securities company, identified by banking sources as Drysdale Securities, was unable to pay $160m in interest due on Monday.

Among other declining issues, Bankers Trust lost 1½ to $30½, NL Industries 1¼ to $24¾, El Paso 1¼ to $21¾, Union Pacific $1 to $38, Trane 1½ to $31½, Texas Instruments $1 to $88⅞ and Genuine Parts 1⅜ to $35½.

Actively - traded Hewlett-Packard was up $1 to $44½ on volume of over 200,000 shares. The company reported higher second-quarter earnings and orders.

THE AMERICAN SE Market Value Index slipped 1.39 more to 274.31 at 1 pm. Volume 2.66m shares (2.67m).

Canada

Markets continued their downward trend yesterday morning as worries about the direction of interest rates spilled over from Wall Street. The Toronto Composite index was off 9.4 at 1,533.8 at mid-session as 10 of the 14 major indices were lower. Falls led rises by 191 to 100 on trading of 2.22m shares in Toronto.

The Oil and Gas index was off 38.0 at 2,700.8 as Francana Oil and Gas fell 1⅛ to C$11⅜, United Canso ⅜ to C$6¼ and Sceptre Resources ¼ to C$5¼.

Golds fell 40.2 to 2,089.8, Transportation 17.0 to 1,901.0 and Metals and Minerals 19.1 to 1,389.9.

Closing prices for North America were not available for this edition.

Tokyo

Monday's rally, which was centred on Blue Chips, gave way to a broad decline in share prices yesterday in moderate activity. Depressing sentiment was the sharp overnight Wall Street setback and a weakening yen against the U.S. dollar, both reflecting worries that U.S. interest rates may remain high for at least the near-term.

The Nikkei-Dow Jones Average, after the previous day's rise of 43.58, receded 52.33 to 7,567.06. The Tokyo SE index, up 2.60 on Monday, lost 2.95 at 560.38. Declining issues outnumbered rises by 418 to 180 on the First Market after volume of 260m shares, compared with Monday's light 210m.

In addition, concern that the Falkland Islands military conflict may soon be greatly escalated was said to be making market participants wary. However, this generated demand for speculative Mining issues, which scored good rises. Mitsui Mining and Smelting moved ahead Y13 to Y230 and Sumitomo Metal Mining Y40 to Y875.

Also meeting strong buying were some Pharmaceutical issues, which climbed sharply in anticipation of good earnings results due to strong sales of anti-cancer and other new-generation drugs. Tanabe Seiyaku rose Y57 to Y867 and Banyu Pharmaceutical Y30 to Y585.

Blue Chips led the general retreat, with Hitachi falling Y12 to Y687, Nippon Electric Y16 to Y823, Sony Y80 to Y3,830, Toyota Motor Y10 to Y1,110, Honda Motor Y16 to Y764, Olympus Y25 to Y905, Canon Y16 to Y857, Sumitomo Metal Y7 to Y172 and Mitsui Shipbuilding Y3 to Y179.

Germany

Most shares lost ground as the sharply lower overnight Wall Street and a weak Domestic Bond market heightened the reluctance of investors to commit fresh funds in a week shortened by the impending holiday tomorrow.

Foreign buying pulled selected shares off their lows, however. Volkswagen ended only 10 pfennigs off at DM 152, after DM 151.

Dresdner Bank dipped DM 2.40 to DM 152.60, although Deutsche Bank, on reporting a 20 per cent rise in interim operating earnings, lost just 60 pfennigs at DM 284.

In Electricals, SEL, ahead of results, fell sharply by DM 11.50 to DM 238 and Siemens receded DM 2.20 to DM 219.30.

Paris

French and foreign stock prices were marked down across a broad front in fairly active trading as operators began squaring their accounts ahead of the new monthly trading Account, which begins on Friday.

The technical downturn was aggravated by the weakness of Wall Street overnight on concern that U.S. interest rates might not come down as quickly as had been thought. The rapid rise in the U.S. dollar had also diverted some capital away from the Stock Exchange, market analysts said.

Hong Kong

Th recent retreat in share prices was sharply extended yesterday, although business remained moderate.

The Hang Seng Index lost 27.45 at 1,334.05, while turnover on the four exchanges totalled HK$238.34m, against Monday's HK$246.91m.

Brokers warned that the market appears ready to settle some more before stabilising. They said that some disappointment over the tenacity of U.S. interest rates to hold their currently high levels has hurt the market after several weeks during which a decline in rates had been anticipated. The loss of investor enthusiasm has also resulted in a drying up of take-over rumours, which has contributed to the fall-off in turnover.

Hong Kong markets, brokers added, are likely to take their cue from movements on Wall Street in the near-term.

Australia

Markets were easier-inclined in further thin trading, sentiment dampened by the overnight falls on London and Wall Street markets. The All Ordinaries index lost 2.6 to 516.5.

Uncertain Gold prices compounded the market's problems. Poseidon shed 10 cents to A$1.75 and Central Norseman Gold 5 cents to A$4.75.

Investors exercised caution among minor Oil stocks as they waited for more information about the Kibee No. 1 exploration well in Queensland. Of the partners, Pancontinental Petroleum lost a cent to 47 cents, Sydney Oil 10 cents to 90 cents and Petroleum Securities 20 cents to A$4.80, but Bligh Oil gained 7 cents to A$1.32.

ANZ Banking dipped 30 cents to A$4.00 for a two-day loss of 55 cents on the disappointing half-year results.

Thomas Nationwide Transport was unchanged at A$2.05 after nine-months' results. Although the company earned as much in the three quarters to March as it did in the whole of the last financial year, third-quarter growth was flat.

Johannesburg

The market closed easier across the board after moderate trading, with only occasional small gains against the trend.

However, declines in the Golds sector were modest and ranged only to 100 cents, as in Randfontein, R56.

NEW YORK

Stock	May 17	May 14
Carter Hawley	14⅛	14⅛
Caterpillar	40¼	41⅝
Celanese Corp	54	55
Centel	31¼	30⅞
Centex	23¼	23
Central & Sw	16	16⅛
Central Soya	11⅝	11⅝
Certain-teed	11⅞	11⅞
Cessna Aircraft	18	18⅛
Champ Home Bld	2⅞	3
Champ Int	13¾	14⅜
Champ Sp Plug	5⅝	8⅝
Charter Co	9⅜	9½
Chase Manhatt'n	52	52¾
Chemical NY	32½	32½
Cheese Pond	35¾	35⅜
Chicago Pneum	14⅞	15
Chrysler	6½	6½
Chubb	43¾	44
Cigna	42¼	42½
Cincinnati Mil	23½	22⅞
Citicorp	26⅝	27¼
Cities Service	35½	35⅝
City Invest	23⅞	24¼
Clark Equipment	21⅜	21⅝
Cleve Cliffs Iron	23¾	24
Clorox	13⅞	13⅞
Cluett Peaby	16¾	16¾
Coca Cola	35⅛	35⅝
Colgate Palm	17¾	17⅞
Collins Aikman	12¾	12¾
Colt Inds	26½	26½

Stock	May 17	May 14
GATX	27¼	27¼
Gannet	34⅝	34⅞
Geico	20¾	21
Gen Am Invest	16	16
Gen Cinema	43⅝	43⅞
Gen Dynamics	25⅝	26⅜
Gen Electric	62¼	62⅝
Gen Foods	36¼	36¼
Gen Instruments	37	37⅝
Gen Mills	40⅝	40¾
Gen Motors	43¾	44
Gen Pub Utilities	5	5
Gen Signal	37	37
Gen Telep Elec	30½	30½
Gen Tire	20⅜	20
Genesco	4⅝	4¾
Genuine Parts	36⅝	36⅞
Georgia Pac	15⅞	15⅞
Geosource	48⅝	49¾
Gerber Prod	30⅜	30
Getty Oil	53¾	54⅜
Giddens Lewis	17½	17⅝
Gillette	33⅞	34⅝
Global Marine	13⅜	14¾
Goodrich (BF)	21	21
Goodyear Tire	23⅜	23⅝
Gould	26	26¼
Grace	39	40⅛
Grainger (W.W)	40	40

Stock	May 17	May 14
Mac	33¼	
Mfcrs Hanover	30	
Manville Corp.	11⅝	
Mapco	30¼	
Marine Mid	22⅛	
Marriott	39⅞	40⅛
Marsh McLenn	35¼	35¼
Marshall Field	29½	29½
Martin Mtta	29⅝	29⅝
Maryland Cup	39	38⅛
Masco	33¾	33½
Massey Fergn.	2⅝	2⅜
Mass Multi.Corp.	18⅝	13½
Mattel	19⅜	19½
May Dept. Strs	29¼	29½
Maytag	27⅛	27¼
McCulloch	9⅞	9⅞
McDermott (JR)	25⅜	25½
McDonalds	65½	65⅞
McDonnell Doug	34⅝	34¾
McGraw Edison	30½	30½
McGraw-Hill	53⅞	54½
McLean Trukg	13⅜	13⅜
Mead	18	18¼
Media Genl	39⅜	39½
Medtronic	45½	45½
Mellon Natl	33¾	33¾
Melville	48¼	48⅞
Mercantile Sts	62⅝	62⅞
Merck	74⅝	75
Meredith	60¼	60¼
Merrill Lynch	28½	29

Stock	May 17	May 14
Reynolds (RJ)	48⅞	49⅛
Reynolds Mtls.	20	20¾
Rite Aid	31	30¼
Roadway Exps	36¾	36¾
Robbins (AH)	13⅝	13⅞
Rochester Gas	14⅛	14⅛
Rockwell Intl	31¾	32⅝
Rohm & Haas	57½	58
Rollins	15⅞	15⅞
Rolm	30¼	30½
Roper Corp	10⅝	10⅞
Rowan	11⅜	11¾
Royal Crown	18¾	19¼
Royal Dutch	35⅞	36⅝
Rubbermaid	42	42
Ryan Homes	14½	14¼
Ryder System	29½	29⅝
SFN Companies	19¾	19¾
SPS Technol.gies	13¼	13⅞
Sabine Corp	36⅝	36½
Safeco	38⅛	38½
Safeway Stores	30	30
St. Paul Cos.	46	46½
St. Regis Paper	25½	26⅝
Sante Fe Inds.	15⅞	16⅛
Saul Invest	7½	7½
Saxon Indus	1⅝	1⅝
Schering Plough	29⅝	29⅞

Stock	May 17	May 14
Warner-Lambt	24⅝	24⅞
Washington Post	35⅛	34⅝
Waste Mangt	32⅛	32⅝
Weis Mkts.	41½	41¾
Wells Fargo	23⅛	23⅞
W.Point Peppi	23¾	23¾
Western Airlines	3⅞	3⅞
Westn. Nth. Amr.	12⅝	13⅜
Westinghouse	25½	25¾
Westvaco	19⅝	20⅜
Weyerhaeuser	27¼	27¾
Wheelabratr F	33¼	33⅜
Wheeling Pitts	16½	16⅞
Whirlpool	28⅜	29
White Consoltd	28½	28
Whittaker	25⅝	26⅛
Wickes	3	3
Williams Co.	19⅝	19½
Winn-Dixie Str	36¼	36⅞
Winnebago	6½	6¾
Wisc Elec Power	31½	31½
Woolworth	19⅝	19⅞
Wrigley	31½	31½
Wyly	8⅜	8¾
Xerox	35⅛	35⅛
Yellow Frt Sys	13⅛	13⅝
Zapata	19⅜	20⅛
Zenith Radio	13⅝	13¾

CANADA

Stock	May 17	May 14
AMCA Intl.	17⅛	17⅛
Abitibi	16	16
Agnico Eagle	6⅞	7¼
Alcan Alumin	25⅛	24
Algoma Steel	31⅛	31⅛

BELGIUM (continued)

May 18	Price Frs.	+ or —
Petrofina	4,800	—15
Royale Belge	5,050	—50
Soc. Gen. Banq.	2,795	....
Soc Gen Belge	1,160	+10
Sofina	3,298	+10

HOLLAND

May 18	Price Fls.	+ or —
ACF Holding	85.5	—2
Ahold	82.9	+0.1
AKZO	27.9	—0.9
ABN	294.5	+3.5
AMEV	93.5	+1.6
AMRO	54.5	+0.7

AUSTRALIA

May 18	Price Aust. $	+ or —
ANZ Group	4.00	—0.3
Acrow Aust	1.35	+0.05
Ampol Pet	1.40	—0.02
Assoc. Pulp Pap	1.54	+0.02
Audimco	0.11	+0.01
Aust. Cons. Ind.	1.55	—0.01
Aust. Guarant	2.40	—0.05

JAPAN (continued)

May 18	Price Yen	+ or —
Kubota	330	....
Kumgaai	434	—8
Kyoto Ceramic	3,480	—10
Lion	385	—7
Maeda Cons	578	—10
Makita	746	....
Marubeni	290	+2

Indices

NEW YORK —DOW JONES

	May 17	May 14	May 13	May 12	May 11	May 10	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	846.32	857.78	858.11	865.77	866.67	860.92	882.52 (4/1)	795.47 (8/3)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	60.20	59.89	60.06	59.93	59.92	60.06	60.28 (17/5)	55.67 (12/2)	—	—
Transport.	346.45	350.64	350.22	350.78	352.44	349.66	388.46 (7/1)	314.36 (8/3)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	114.02	115.57	116.22	116.75	116.91	116.58	116.95 (7/5)	103.61 (13/1)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	45,600	49,900	58,230	59,210	54,680	46,500	—	—	—	—

♦ Day's high 857.21 low 842.94

Ind. div. yield %	May 14	May 7	April 30	Year ago (Approx
	6.52	6.42	6.58	5.81

STANDARD AND POORS

	May 17	May 14	May 13	May 12	May 11	May 10	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	130.08	131.56	131.75	132.74	132.88	131.74	137.28 (4/1)	118.41 (8/3)	160.98 (28/11/80)	3.52 (30/6/32)
Composite	116.71	118.01	118.22	119.17	119.42	118.58	122.74 (4/1)	107.34 (8/3)	140.52 (28/11/80)	4.407 (1/6/32)

	May 12	May 5	April 28	Year ago (approx)
Ind. div. yield %	5.52	5.61	5.64	4.70
Ind. P/E Ratio	8.02	7.91	7.88	9.91
Long Gov. Bond yield	12.77	12.91	12.93	13.72

NY. S.E. ALL COMMON

May 17	May 14	May 13	May 12	1982 High	1982 Low
67.36	68.11	68.20	68.69	71.20 (4/1)	62.52 (12/3)

Rises and Falls	May 17	May 14	May 13
Issues Traded	1,868	1,865	1,869
Rises	346	651	571
Falls	1,088	726	853
Unchanged	434	488	445
New Highs	21	27	31
New Lows	29	16	18

MONTREAL	May 17	May 14	May 13	May 12	1982 High	1982 Low
Industrials	265.25	268.19	269.24	282.67	332.79 (4.1)	270.46 (16.3)
Combined	267.52	270.52	271.66	274.41	316.08 (4.1)	252.03 (15.3)
TORONTO Composite	1545.2	1564.8	1570.2	1535.8	1968.5 (4.1)	1526.5 (5/5)

	May 18	May 17	May 14	May 13	1982 High	1982 Low
AUSTRALIA All Ord. (1/1/80)	516.5	519.1	519.5	520.4	595.5 (4/1)	456.8 (18/5)
Metal & Minls. (1/1/80)	376.7	380.2	379.8	384.6	425.1 (5/1)	322.2 (2/4)
AUSTRIA Credit Aktien (2/1/62)	52.24	52.33	52.36	52.47	56.96 (4/1)	52.18 (18/4)
BELGIUM Belgian SE (31/12/63)	93.55	94.32	94.51	94.84	102.43 (6/4)	88.42 (20/1)
DENMARK Copenhagen SE (1/1/73)	117.85	118.78	118.29	119.42	128.22 (25/2)	112.80 (9/3)
FRANCE CAC General (31/12/81)	109.4	110.2	110.60	111.4	111.8 (12/5)	95.6 (4/1)
Ind Tendance (31/12/81)	122.0	126.0	123.60	124.4	124.8 (12/5)	97.7 (4/1)
GERMANY FAZ-Aktien (31/12/58)	229.70	231.40	231.01	230.00	239.45 (6/4)	216.65 (18/1)
Commerzbank(Dec1953)	700.6	705.5	704.20	701.4	729.8 (6/4)	666.7 (18/1)
HOLLAND ANP-CBS General (1970)	94.1	94.5	94.2	94.0	95.0 (10/5)	84.0 (8/1)
ANP-CBS Indust (1970)	74.4	74.6	73.9	73.8	74.9 (10/5)	66.2 (4/1)
HONG KONG Hang Seng Bank (31/7/64)	1334.05	1361.50	1367.55	1385.65	1445.52 (12/1)	1129.83 (9/3)
ITALY Banca Comm Ital.(1972)	165.35	164.15	165.81	162.59	212.86 (19/5)	161.45 (16/1)
JAPAN** Dow Average (16/5/49)	7567.06	7619.39	7675.81	7605.21	7928.55 (27/1)	6889.55 (17/3)
Tokyo New SE (4/1/68)	560.38	563.33	568.73	562.29	585.29 (27/1)	520.70 (17/3)
NORWAY Oslo SE (1/1/72)	124.25	(c)	126.94	126.50	150.59 (26/1)	109.12 (1/4)
SINGAPORE Straits Times (1966)	770.89	773.21	781.82	783.77	819.79 (8/1)	687.49 (9/3)
SOUTH AFRICA Gold (1958)	(u)	(u)	416.2	418.6	669.5 (5/1)	410.6 (11/5)
Industrial (1958)	(u)	(u)	589.1	530.5	711.7 (8/1)	665.3 (29/3)
SPAIN Madrid SE (30/12/81)	98.61	(c)	101.60	101.35	107.45 (9/2)	89.17 (5/1)
SWEDEN Jacobson & P. (1/1/58)	597.76	594.07	598.76	596.28	656.52 (22/1)	583.32 (28/4)
SWITZERLAND Swiss Bank Cpn.(31/12/58)	256.9	260.4	260.4	258.9	265.1 (11/1)	242.5 (11/3)
WORLD Capital Intl. (1/1/70)	—	136.5	139.1	138.8	147.2 (4/1)	129.1 (17/3)

(**) Saturday May 15: Japan Dow (c) TSE (c)

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000, the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Middle S. Util.	1,591,400	13⅝	— ⅛
Sony	967,200	16⅛	— ⅜
Amer. Airlines	934,400	17⅝	+ ⅜
Braniff	919,300	0 10	—0.04
Houston Inds.	812,200	19	—
IBM	529,900	62⅞	— ⅜
Sears Roebuck	498,300	19⅜	— ½
Comwlth. Edison	479,400	22⅛	— ⅛
Exxon	460,400	28⅛	— ⅛
Caesars World	457,000	3⅞	—

TEXTILE MACHINERY MARKET

Platt Saco Lowell: reborn into a tough world

By Rhys David

QUIETLY, with none of the publicity which attached to the collapse of the parent Stone-Platt Industries in March, the group's textile machinery subsidiary Platt Saco Lowell (PSL) has recently resumed production of spinning equipment at Accrington in Lancashire.

Under John D. Hollingsworth on Wheels, the curiously-named new American owner which bought the company last month from the receiver, for a reported £12.5m PSL has taken on a total of 450 people and claims to have enough work to last until the end of the year. The workload now consists, according to Mr Edward Smalley—Stone-Platt's deputy chairman who has been put in charge of operations at Accrington by Hollingsworth—of business the company wanted to retain. Other deals taken on to keep the factory full when employment stood at double the new total before the collapse have been allowed to lapse.

A policy of keeping overheads to a minimum — and of only taking on business that is going to be profitable—forms at this stage the basis on which hopes now rest for the survival of a British-based, if no longer British-owned, cotton processing equipment manufacturer. It is likely to be followed, too, by a reduction in factory floor space occupied by the company which only three years ago employed more than 3,000 people in four sites in Lancashire.

Yet the going in the fiercely competitive textile machinery business — a world industry hitherto dominated by European groups — is likely to continue very rough, with few signs that a significant upturn in orders is in sight.

Orders have for some time been hard to come by and prices are consequently depressed. In a telling remark delivered at the time of Stone-Platt's collapse its former chairman Mr Leslie Pincott pointed out that the price per spindle of spinning machinery was at the lowest level in living memory.

The effects have been felt, too, by PSL's European competitors in Switzerland, Germany and Italy. Schubert and Salzer, based in Ingolstadt in West Germany — a company broadly comparable with PSL — has, for example, had two-thirds of its workforce on periods of short time at various times in the past few years, and reported losses of DM 3.9m (about £930,000) in its last financial year.

Rieter, which has bought PSL's sister company, the yarn processing equipment manufacturer Ernest Scragg of Macclesfield, has made only moderate profits. In Italy the Marzoli group has been seeking to diversify into other engineering activities to reduce dependence on textile machinery. One of the few companies able to report good results has been Zinser, a privately owned German company which claims not to have had to reduce its 2,000-strong workforce world-wide over the last 18 months or introduce short time. The company, which competitors claim has been quoting very low prices, also says it has made "substantial" profits. In the three years from 1979 to 1982 PSL's trading losses before interest totalled £10m.

The main problem for European textile machinery producers, is the intense pressure under which their main customers, the textile manufacturers, have been struggling. Sales of spindles fell back by almost half after the energy crisis of the mid 1970s, and although there has since been a recovery, the main market is now the Far East where the Japanese, and local producers with relatively unsophisticated products, such as the Indians, are strong. In a number of the more advanced developing countries there is also now a trend towards manufacturing textile machinery domestically.

In developed country markets the size and character of orders has changed — a trend which industry analysts believe PSL failed to anticipate. The emphasis has switched away from big projects to incremental investment and machinery conversions aimed at uprating existing installations.

To win business in both the developed and developing countries the big European manufacturers are having to offer very low prices and generous financial packages and this has left little margin for error should contracts be delayed or otherwise run into problems

Customers around the world are reluctant, the machinery builders report, to pay a premium price for extra refinements and in certain areas can threaten to opt instead for cheaper — and currently less sophisticated — Japanese equipment To get their costs down European builders have had to look at their research and development budgets and in PSL's case this has led to delays in the modernisation of some parts of its range now generally reckoned to be outdated. The lavish after-sales service offered by machinery builders, with engineers often attached for months to installations, has also been scaled down.

PSL—the product of a 1973 merger between Platt and Saco Lowell, a U.S. producer with plants in South Carolina and Spain—is generally thought to have suffered from having too wide a product range, with too many variants on offer. This is a criticism accepted by the company and some pruning of the product range is also now likely to take place.

Just as importantly PSL's Continental competitors have been able to co-operate in putting together overall packages of different items of equipment to win major contracts. The Italian industry, much of which is controlled by state enterprises, works in this way; but an attempt three years ago by the British Textile Machinery Association to set up a consultancy which would be responsible for putting together British consortia to bid for major overseas contracts foundered.

At the same time PSL, according to customers, has had to struggle hard to match the very thorough after-sales service offered by the leading Continental groups, a problem which has apparently worsened over recent years as the company's financial difficulties have increased.

While Carrington Viyella, one of the big UK textile groups relied mainly on PSL for the equipment used in its new £6m Atherton spinning mill in Greater Manchester, a more recent re-equipment project by Tootal at Lisnaskea in Northern Ireland went very largely to overseas suppliers.

PSL's share of the business at Lisnaskea was confined to roving equipment, an intermediate stage of production between sliver and yarn where it was asked to add to equipment already installed at an earlier stage of modernisation at the plant. The main spinning equipment contracts went to German-based groups, which were also nominated by Tootal for the more recent re-equipment of one of its thread mills in South Africa.

PSL's strengths, however, include its operations in the U.S., one of the fastest-growing markets for textile machinery over the past few years, where it employs some 1,250 people. The company's rivals together with the manufacturers of other items of textile machinery such as looms for weaving, have all been scrambling to establish bases in the U.S. to take advantage of American demand.

Through Saco Lowell, PSL also has manufacturing facilities in Spain employing a total of 500. In an earlier stage of rationalisation within the group, responsibility for manufacturing different parts of the range was assigned to the British, Spanish and U.S. plants to cut out duplication. The Spanish plant again is well-positioned to take advantage of growing demand for textile machinery in southern Europe.

The role likely to be played by the Accrington plant will depend on the success of efforts now being made to contain overheads — and on the level of new business which becomes available over the next few years, and on prices. For the time being, however it survives with its new owners intent evidently at least to give it a chance.

WHERE THE COMPETITORS' STRENGTHS LIE

IN THE battle for international spinning equipment contracts the main contenders are a group of five European producers—PSL in Britain, Zinzer, and Schubert and Salzer (both West Germany), Rieter of Switzerland, and *Marzoli of Italy*. All are capable, theoretically, of supplying a complete system incorporating the various processing stages from the opening of cotton bales to winding of yarn on packages *ready for shipment and use.*

In addition there is a group of specialist machinery makers which have chosen to concentrate on parts of the processing stages. Thus, Trutzschler, another German company, is very strong in blow-room equipment — the first processing stage—and in carding, the aligning of fibres into a sliver. (Crosrol in the UK also make cards which are *one of the specialities of* John D. Hollingsworth, the group which has acquired Platt.)

In spinning itself, PSL, Zinser, Rieter, and Schubert and Salzer, are generally considered to be broadly comparable in technology, and, with the exception of Zinser, the others are major producers of rotor spinning equipment, an alternative to conventional ring spinning developed over the last 15 years and used mainly in the production of coarser yarns. The biggest world producer of this equipment is Investa, a Czechoslovak company, with the Russians boasting far and away the largest number of installations.

In winding, the transfer of yarn from the smaller packages used in spinning to bigger ones for despatch to customers, the market is dominated by another German *group, Schlafhorst, and by the* Italian group Savio. The one major gap in the PSL range is winding where the company is obliged on major projects involving complete installations to supplement its own products with equipment manufactured by one of the specialist producers.

Apart from the established suppliers of spinning systems there are various other companies offering unconventional approaches to yarn spinning and most of the major groups including PSL have in various stages of development new ideas for solving the problem of how to move from fibre to yarn in the shortest possible time.

PSL's development in this field—still highly secret—is rumoured to be a friction-twisting system and this is thought to be one of the reasons for Hollingsworth's decision to purchase *the group. On taking over* PSL the American company announced it intended to carry on research and development into "advanced spinning technology" with the object of manufacturing successfully developed products in Lancashire.

The demand from customers, particularly in the developed markets such as Europe, Japan and the U.S. is for ways of making spinning operations less labour-intensive and more highly-automated, with the ultimate *objective* the spinning plant where raw fibre can be fed in at one end and yarn will come out the other.

Considerable advances in this direction have already *been made with machines* incorporating automatic doffing — the removal of yarn packages from the spindle when full—and automatic tying of yarn after breaks. Traditionally this operation *has required manual attention.*

BASE LENDING RATES

A.B.N. Bank	13 %	Robert Fraser	14 %
Allied Irish Bank	13 %	Grindlays Bank	‡13 %
American Express Bk.	13 %	■ Guinness Mahon	13 %
Amro Bank	13 %	■ Hambros Bank	13 %
Henry Ansbacher	13 %	Heritable & Gen. Trust	13 %
Arbuthnot Latham	13 %	■ Hill Samuel	§13 %
Associates Cap. Corp.	13 %	C. Hoare & Co.	†13 %
Banco de Bilbao	13 %	Hongkong & Shanghai	13 %
BCCI	13 %	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	13 %	Knowsley & Co. Ltd.	13½%
Bank Leumi (UK) plc	13 %	Lloyds Bank	13 %
Bank of Cyprus	13 %	Mallinhall Limited	13 %
Bank Street Sec. Ltd.	14 %	Edward Manson & Co.	14 %
Bank of N.S.W.	13 %	Midland Bank	13 %
Banque Belge Ltd.	13 %	■ Samuel Montagu	13 %
Banque du Rhone et de la Tamise S.A.	13½%	■ Morgan Grenfell	13 %
Barclays Bank	13 %	National Westminster	13 %
Beneficial Trust Ltd.	14 %	Norwich General Trust	13 %
Bremar Holdings Ltd.	14 %	P. S. Refson & Co.	13 %
Brit. Bank of Mid. East	13 %	Roxburghe Guarantee	13½%
■ Brown Shipley	13 %	E. S. Schwab	13 %
Canada Perm't Trust	13½%	Slavenburg's Bank	13 %
Castle Court Trust Ltd.	13½%	Standard Chartered	‖13 %
Cavendish G'ty T'st Ltd.	14 %	Trade Dev. Bank	13 %
Cayzer Ltd.	13 %	Trustee Savings Bank	13 %
Cedar Holdings	13 %	TCB Ltd.	13 %
■ Charterhouse Japhet	13 %	United Bank of Kuwait	13 %
Choulartons	13½%	Whiteaway Laidlaw	13½%
Citibank Savings	¶12¾%	Williams & Glyn's	13 %
Clydesdale Bank	13 %	Wintrust Secs. Ltd.	13 %
C. E. Coates	14 %	Yorkshire Bank	13 %
Comm. Bk. of Near East	13 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
§ Demand deposits 10¼%.
¶ Mortgage base rate.

LONDON STOCK EXCHANGE

Interest restrained by risk of Falklands escalation
Share index down 3.4 more at 572.4—Gilt-edged react

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Apr 30	May 13	May 14	May 24
May 17	June 3	June 4	June 14
June 7	June 17	June 18	June 28

* "New time" dealing may take place from 9 am two business days earlier.

Fears of an *imminent* escalation of the Falklands conflict continued to restrain interest in stock markets. Equity values were usually lower with British Funds, resistant on Monday, joining the downward trend.

The further setback in leading shares was less severe than on Monday, a little cheap buying at the lower levels ruling at the opening helping to sustain quotations. Down 4.8 at the 10 am calculation, the FT 30-share index rallied to reduce the fall to 3.1 an hour later and traded around the lower level for much of the session following the previous day's drop of nearly 15 points. Yesterday, the index closed 3.4 lower for a two-day drop of 18.2 at 572.4.

Among the constituents, Blue Circle turned weak in the late trading on reports of a large line of shares on offer.

Trading conditions remained thin and sensitive because of the prevailing uncertainties, but bid situations, both rumoured and actual, created a fair amount of interest. **Bemrose** featured with a jump of 53 to 129p following the dawn raid and subsequent bid of 120p per share from Bunzl.

The recent steady to firm trend in British Funds gave way to dullness against a backdrop of the *increasing possibility of* military conflict in the Falklands. Sentiment was weakened by sterling's fall against other international currencies and by the continuing firming of rates in money markets. Long-dated stocks fell by ½ and occasionally more, while losses at the short end of the market ranged to ⅝. The Government securities index shed 0.27 to 69.07.

Grindlays good late

Standing 5 cheaper at the "House" close, **Grindlays** rallied smartly after-hours to close a net 8 up at 228p *on hopes that the* recent mystery buyer of Mass Development of Kuwait's 11 per cent stake will reveal bid terms along with its identity today. Elsewhere, **ANZ**, still reflecting disappointing half-year results, lost 10 for a two-day drop of 30 to 230p. **Guinness Peat** gave up 4 to 78p following confirmation of the sale of the group's Biddle-Sawyer subsidiary. **Lloyds Bank**, at 395p, doubled an early fall of 5 following LBI's disappointing half-year figures.

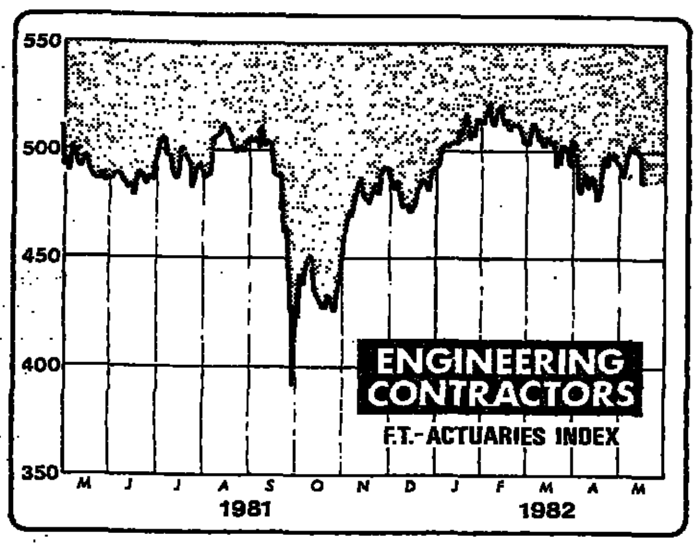
For the third consecutive trading day, **Minet** attracted speculative support on talk of a bid from Corroon and Black of the U.S.; the shares improved steadily to touch a 1982 peak of 196p before closing 4 better on balance at 191p. Among other Lloyds Brokers, profit-taking in the wake of satisfactory preliminary figures left **C. E. Heath** 6 off at 332p, while **Willis Faber** *became active but closed 5 lower* at 465p. In Composites, **Phoenix** gave up 6 to 234p; the third-quarter figures are scheduled for next Tuesday.

In the Unlisted Securities Market, television and video wholesale distributors **Michael Black**, *incorrectly referred to* here yesterday as Martin Black, hardened a penny to 93p as against the placing price of 90p.

Breweries trended easier, **Bass** reacting 3 to 229p and **Greenall Whitley** 2 to 119p.

Blue Circle turned dull in *Buildings, falling 14 to 480p*; vague rumours developed in the late trade, including talk that a large line of shares was on offer. Other leading issues also gave ground, **Taylor Woodrow** losing 20 to 520p and **Costain** 5 to 244p. **Tarmac** and **BPB Industries** shed 4 apiece to 560p and 442p respectively. Elsewhere, renewed speculative demand in the wake of recent good results lifted **Tysons (Contractors)** 6 to 48p, while revived buying in a thin market prompted a gain of 15 to 240p in **Burt Boulton**.

Marked a couple of pence easier at the outset, **ICI** rallied to the overnight level of 318p before drifting off again to close 2 cheaper on balance at 316p. Among other Chemicals, **Laporte** shed 3 to 141p and **Amersham** 2 to 212p. The chairman's optimistic statement at the annual meeting made no apparent impression on **Anchor**, which held at 85p.



S. & U. Stores up

Secondary Stores were featured by renewed strength in *S. and U., which continued to* reflect bid speculation with a fresh jump of 5 to 24p. **Greenfields Leiseure** moved up 2 to 31p on the announcement that Nottingham Manufacturing are the holders of a near-10 per cent stake in the company, but **Polly Peck** lost 10 on profit-taking to 370p. Among the dull leaders, **Gussies A** gave up 7 to 490p and **House of Fraser** *fell 6 to 150p*.

Quietly dull conditions prevailed in Electricals. Recent popular defence stocks drifted lower, with **Racal** closing 7 cheaper at 410p and **Eurotherm**, a similar amount lower at 423p. **Ferranti** eased 11 to 707p, while **Cable and Wireless** relinquished 5 to 266p and **BICC** 4 to 323p. **Plessey** touched 420p before finishing 3 down at 422p, while **GEC** softened a couple of pence to 888p.

Overlooked recently, **ML Holdings** attracted buyers yesterday on consideration of the company's defence interests and, in a thin market, the shares responded with a rise of 15 to 295p. Other secondary Engineerings turned dull. Falls ranged to 10 with the recently firm **Chemring** finishing that much lower at 365p. **United Engineering** also dipped 10 to 250p, while **Matthew Hall** fell 6 to 190p and **G. M. Firth** relinquished 5 to 173p. Currently in receipt of an unwelcomed 135p per share cash bid from Charter Consolidated, **Anderson Strathclyde** eased 3 to 138p. Of the quietly mixed leaders, **GKN** lost 2 to 160p but **Tubes** firmed that much to 146p.

Easier at first reflecting the price cuts introduced by Tesco, Food Retailers steadied and closed with modest gains on balance. *Associated Dairies* picked up to close 2 dearer at 120p, after 116p, while **J. Sainsbury** settled 5 up at 605p, after 595p. **Kwik Save** slipped to 222p before reverting to the overnight level of 224p; **Tesco** hardened ½ to 53½p. Standing 5 cheaper awaiting the preliminary results, **Amos Hinton** rallied well on the announcement of nearly doubled pre-tax profits and a 33 per cent dividend increase to close 7 up on balance at 317p. Elsewhere, **Huntley and Palmer** shed 3 to 93p *following* the chairman's gloomy statement at the annual meeting, while **United Biscuits** gave up a like amount to a 1982 low of 109p.

Grand Metropolitan drifted off to close 6 *down* at 212p, while **Ladbroke** eased 3 to 150p. Among other Hotels and Caterers, **Savoy A** met renewed speculative support on bid hopes and gained *10 to 214p, while* **M. F. North** added 2 to 33p on demand in a thin market.

Wolseley-Hughes down

Falkland Islands worries deterred investment interest in the miscellaneous industrial *leaders. Consequently, prices* drifted lower on sporadic offerings and continued lack of support. **Pilkington** were notable for a decline of 13 to 235p, while **Unilever** lost 14 to 596p on further consideration of the disappointing first-quarter results. Further profit-taking clipped 7 from **Glaxo**, 670p, after 666p, while **Bowater** lost 4 to a 1982 low of 208p. After Monday's fall of 4 despite the one-third increase in first-half profits—not annual profits as stated in error here yesterday—**BOC** rallied 2 to 167p.

Wolseley-Hughes fell 7 to 368p *following* the announcement of the £17.1m U.S. acquisition and proposed £10.1m share-placing to partly finance the deal. **John Williams of Cardiff** lost 2 to 28p, after 27p, following poor interim figures, while **BTR** remained on offer at 318p, down *S. J. Bibby* fell 10 to 250p and **G. R. Holdings** 15 to 245p. **Lonsdale Universal**, on the other hand, hardened 2 to 67p, to match the increased cash offer from **John Menzies**, 4 lower at 240p; **British Printing**, the holders of a near-11 per cent stake in LU, *hardened a fraction* to 34p.

After Monday's after hours' announcement that Lucas Industries had sold its 11⅜ per cent stake in the company, **Automotive Products** shed 4 to 52p.

Bemrose Corporation jumped *53 to 129p on the dawn raid and* subsequent bid worth 120p per share from **Bunzl**, 8 down at 180p.

Properties closed with small mixed movements following cautionary Press comment. Further consideration of the preliminary results left **Land Securities** 2 cheaper at 281p, but **MEPC** attracted steady support and improved 3 to 200p. **Capital and Counties** shed 2 to 118p and **Great Portland Estates** 4 to 162p, but recently dull **Hammerson A** rallied 5 to 530p with the new nil-paid shares a like amount to the good at 35p premium. Elsewhere, **Apex** gave up 5 to 110p and **Percy Bilton** 4 to 196p on lack of interest, while *Regalian*, a rising market recently on speculative support, relinquished a penny to 62p.

Oils easier

Oils went easier on Wall Street advices, **British Petroleum** shedding 4 to 310p and **Shell**, first-quarter figures due today, softening a couple of pence to 414p. **Burmah** shed 3 to 134p, **Tricentrol** 4 to 204p and **Lasmo** 5 to 330p. Canadians were also dull on Transatlantic influences; **Cheynne Resources** lost 20 to 70p and **Sceptre Resources** 27 to 260p, while **Warrior Resources** gave up 5 to 32p and **Double Eagle** 6 to 37p. **Humbolt Energy** lost 3 to 12p.

Among Trusts, dealings resumed in **Finance and Industrial Trust** at 29p, compared with *the suspension price of 26p, following the bid of 30p cash per* share from Harmer Securities for the 36 per cent minority not owned by parent Harmer Finance.

Against the trend in Shippings, **Walter Runciman** responded to the preliminary results with a rise of 5 to 105p. In contrast, **J. Fisher** eased 5 to 160p, while **Ocean Transport** closed a few pence cheaper at 112p.

Golds up again

An increased amount of *nervous bear covering in view* of the heightened tension over the Falklands crisis led to further modest gains in Golds, and extended the recent recovery movement to a fifth successive trading day.

Heavyweights registered gains *ranging to ¾, as in* **Randfontein**, £25¼, and **Buffels**, £15⅝, while medium- and lower-priced issues were featured by **Kinross**, 26 higher at 477p, and **Libanon**, 24 to the good at 694p.

The Gold Mines index put on 3.9 to 240.3, a five-day rise of 14.3, while the bullion price was finally 75 cents easier at $337.25 an ounce.

The paucity of business in London equity markets was fully reflected in Traded Options. Only 1,126 deals were arranged, comprising 680 calls and 446 puts. **BP** attracted a reasonable amount of activity with 258 deals.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 10	*May 21*	*Aug 12*	*Aug 23*
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27

For rate indications see end of Share Information Service

Stocks traded in for the call included **Imperial Group**, *Courtaulds, Horizon Midland*, **Elecro Protective, Clyde Petroleum, Burmah Oil, Lasmo, First National Finance, Camrex** and **TSW**. **Cheynne Resources** and **Oil Company Australia** were dealt in for the put, while double options were arranged in *Trident TV A, Horizon Midland* and **Imperial Group**.

FINANCIAL TIMES STOCK INDICES

	May 18	May 17	May 14	May 13	May 12	May 11	A year ago
Government Secs	69.07	69.34	69.15	69.21	69.41	68.94	67.33
Fixed Interest	69.81	69.74	69.97	69.90	69.76	69.37	68.78
Industrial Ord.	572.4	575.8	590.6	585.2	590.9	585.1	555.9
Gold Mines	240.3	236.4	235.9	231.8	229.8	226.0	370.1
Ord. Div. Yield	5.43	5.39	5.27	5.32	5.28	5.33	5.92
Earnings, Yld.%(full)	11.22	11.14	10.90	11.00	11.04	11.15	11.60
P/E Ratio (net) (*)	10.89	10.96	11.21	11.11	11.16	11.05	10.82
Total bargains	17,043	16,947	17,790	15,467	18,212	18,354	20,236
Equity turnover £m.	—	111.36	167.18	146.69	175.45	147.98	128.34
Equity bargains	—	13,690	15,835	15,387	14,804	14,951	15,401

10 am 571.0. 11 am 572.7. Noon 573.7. 1 pm 572.7. 2 pm 572.7. 3 pm 572.5.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.09.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (25/5)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.97 (14/5)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	590.9 (12/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (6/1)	209.2 (9/5)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 17	May 14
—Daily		
Gilt Edged Bargains	155.3	149.9
Equities Bargains	88.7	102.6
Value	225.1	337.9
5-day Avrge.		
Gilt-Edged Bargains	152.7	167.2
Equities Bargains	95.8	97.4
Value	302.6	317.8

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (39)

COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. 2½pc N-As.
LOANS (3)
FFI 11pc Uns. Ln. 1988 — FFI 12pc Uns. Ln. 1992
FFI 11¼pc Uns. Ln. 1990
FOREIGN BONDS (1)
Greek 4pc Mixed Ass.
AMERICANS (1)
Lowes
CANADIANS (1)
Massey-Ferguson
BANKS (1)
Grindlays
BUILDINGS (4)
Breedon Lime — Francis Parker
Burt Bolton — May & Hassell
STORES (5)
Brown (N.) — S. & U. Stores
Greenfields — Do. 25pc Pref.
Reed (Austin) A
ENGINEERING (1)
Weeks Assoc.
FOODS (1)
Glass Glover
HOTELS (1)
Savoy A
INDUSTRIALS (7)
Electrolux — Nolton
Extel — Prestige Group
Lep Group — Star Computer
Hunting Assoc.
INSURANCE (1)
Minet Hldgs.
MOTORS (1)
Volvo
PAPERS (1)
Bemrose
SHOES (1)
Lambert Howarth
TRUSTS (3)
Fledgeling Invs. — London Merchant
Gen. Consolidated
OILS (3)
BP 8pc Pref. — Shell Trans. 7pc Prf.
LASMO 14pc '81-93
OVERSEAS TRADERS (1)
Steel Bros.
TEAS (1)
Moran

NEW LOWS (63)

AMERICANS (2)
Caterpillar — Lone Star
CANADIANS (5)
Bank Montreal — Royal Bank Can.
Bank Nova Scotia — Toronto Dom. Bk.
Can. Imp. Bank
BUILDINGS (2)
Crouch (Group) — Glossop
STORES (3)
Acsis Jewellery — Woolworth
Bentalls
ELECTRICALS (3)
Chloride Group — Vitatron
Chloride Grp. 7½pc Com. Conv. Pref.
ENGINEERING (6)
Allen (W. G.) — Desoutter
Brotherhood (P.) — Elliott (B.)
Cohen (A.) — Smith Whitworth
FOODS (4)
Needlers — Unigate
Tate & Lyle — United Biscuits
HOTELS (1)
Epicure
INDUSTRIALS (13)
BTR — Foseco Minsep
Biddle — Francis Inds.
Bowater — Low & Bonar
Brengreen — Mettoy
British Vita — Pilkington Bros.
Eurndene — Talbex
Christie-Tyler
INSURANCE (2)
London Manchester — Sun Alliance
MOTORS (2)
Appleyard — Henlys
NEWSPAPERS (1)
BPM Hldgs. A
PROPERTY (12)
Amalg'd Estates — Lond. Provl. Shop
Apex Props. — Lond. Shop Prop. 9pc 1994-99
Country & N. Town — Lynton Hldgs.
Ests. Prop. Inv. — Thames Inv. & Secs.
Laganvale Ests. — Trust Secs.
Laing Props. 8½pc Ln. 2000-05 — Do. Defd. Conv.
SHIPPING (1)
Lon. O'seas Frghtrs.
TRUSTS (2)
Int. Inv. Tst. Jersey — M. & G. Group
OVERSEAS TRADERS (2)
Boustead — Crosby House
RUBBERS (1)
Bertam
MINES (1)
Minefields Explrn.

RISES AND FALLS

	Rises	Falls	Same
British Funds	1	79	12
Corpns. Dom. and Foreign Bonds	10	17	50
Industrials	112	435	796
Financial & Props.	46	184	279
Oils	14	39	54
Plantations	2	4	17
Mines	50	30	79
Others	52	41	60
Totals	287	829	1,347

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues May 18 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon May 17 Index No.	Fri May 14 Index No.	Thur May 13 Index No.	Wed May 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	384.25	−1.0	9.50	4.21	12.98	388.25	392.12	391.68	394.80	344.76
2	Building Materials (23)	339.53	−1.9	13.48	5.20	8.74	346.21	347.60	347.40	347.86	318.04
3	Contracting, Construction (28)	618.91	−0.7	14.20	4.96	8.31	623.27	627.75	631.02	634.14	571.48
4	Electricals (31)	1386.06	−0.8	6.73	2.13	19.02	1396.88	1409.79	1399.18	1407.00	1040.69
5	Engineering Contractors (10)	484.39	—	13.64	6.31	8.74	484.53	498.02	499.78	501.89	496.08
6	Mechanical Engineering (67)	200.77	−0.9	11.40	5.77	10.63	202.59	204.04	204.40	206.66	215.88
8	Metals and Metal Forming (11)	163.29	−0.8	10.45	7.27	12.03	164.63	168.35	168.78	169.66	172.91
9	Motors (20)	93.98	−1.1	8.82	7.26	—	94.96	96.31	96.82	97.69	106.91
10	Other Industrial Materials (18)	363.14	−1.7	10.09	5.84	12.12	369.52	375.41	379.48	389.16	373.00
21	CONSUMER GROUP (201)	306.32	−0.9	12.84	5.58	9.45	308.97	315.36	312.95	314.49	283.81
22	Brewers and Distillers (21)	311.49	−1.2	15.13	6.35	8.00	315.20	317.66	313.65	315.26	309.96
25	Food Manufacturing (22)	265.31	−1.5	17.30	7.02	6.78	269.47	276.14	275.52	277.11	256.82
26	Food Retailing (14)	586.96	+0.6	9.65	3.63	12.54	583.56	593.61	589.49	591.85	526.38
27	Health and Household Products (8)	460.66	−0.7	7.51	3.51	15.48	463.68	474.59	467.37	467.46	309.04
29	Leisure (24)	448.68	−0.8	10.14	5.05	12.30	452.24	457.30	454.33	453.96	428.50
32	Newspapers, Publishing (12)	524.63	+0.1	12.85	5.97	9.95	523.87	528.87	531.60	534.95	516.26
33	Packaging and Paper (14)	146.16	−0.5	15.64	7.28	7.44	146.88	148.97	148.08	148.71	147.71
34	Stores (45)	279.64	−1.0	10.63	4.91	12.54	282.60	288.98	287.91	289.12	285.96
35	Textiles (23)	172.66	−1.0	10.45	5.77	12.28	174.43	180.46	179.87	182.62	158.02
36	Tobaccos (3)	329.46	−0.5	22.19	8.34	5.08	330.96	344.71	339.55	344.57	254.38
39	Other Consumer (15)	291.39	−0.5	8.47	5.17	—	292.93	298.63	292.38	293.03	308.76
41	OTHER GROUPS (78)	254.44	−0.7	13.42	6.27	9.80	256.29	259.38	259.53	261.91	233.81
42	Chemicals (16)	333.94	−0.4	13.44	6.96	8.90	335.24	340.43	340.03	343.14	295.40
44	Office Equipment (4)	113.26	+0.4	14.22	7.71	8.57	112.82	115.35	114.09	114.54	114.62
45	Shipping and Transport (13)	561.75	−0.6	20.07	7.34	6.03	565.18	576.13	576.80	583.94	572.63
46	Miscellaneous (45)	329.24	−1.2	11.46	5.09	10.62	333.37	335.13	336.39	339.47	299.58
49	INDUSTRIAL GROUP (487)	325.82	−0.9	11.68	5.16	10.44	328.79	333.90	332.52	334.73	297.92
51	Oils (13)	733.56	−1.0	21.57	7.92	5.25	740.69	751.78	742.67	753.04	852.52
59	500 SHARE INDEX	359.01	−0.9	13.29	5.61	8.99	362.32	367.91	365.91	368.77	342.26
61	FINANCIAL GROUP (117)	247.65	−0.4	—	6.69	—	248.69	249.80	250.75	252.63	251.43
62	Banks (6)	267.15	−0.8	39.18	8.05	2.79	269.23	267.01	269.33	272.67	258.53
63	Discount Houses (9)	236.21	—	—	9.61	—	236.21	238.76	238.63	236.52	286.35
65	Insurance (Life) (9)	260.94	−0.3	—	7.01	—	261.60	264.54	266.30	268.08	252.46
66	Insurance (Composite) (10)	152.55	−0.4	—	9.28	—	153.22	157.41	156.99	158.96	157.53
67	Insurance Brokers (7)	494.35	−0.8	11.20	5.15	12.12	498.43	492.77	492.31	496.51	381.45
68	Merchant Banks (12)	147.58	−0.4	—	5.75	—	148.07	147.83	148.22	148.32	157.59
69	Property (49)	422.38	−0.3	5.22	3.74	25.40	423.63	424.94	427.81	430.43	486.32
70	Other Financial (15)	177.73	+0.3	17.72	6.43	6.52	177.15	175.99	175.11	173.09	171.51
71	Investment Trusts (112)	303.30	−0.3	—	5.33	—	304.22	305.76	305.09	305.55	306.84
81	Mining Finance (4)	285.38	−0.8	15.21	6.86	8.24	287.81	287.53	289.42	289.42	270.39
91	Overseas Traders (17)	359.47	−0.7	14.63	8.84	8.36	361.86	363.86	367.50	371.06	488.21
99	ALL-SHARE INDEX (750)	330.10	−0.8	—	5.85	—	332.73	336.93	335.87	338.28	323.47

FIXED INTEREST

	PRICE INDICES	Tues May 18	Day's change %	Mon May 17	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	111.44	−0.10	111.55	—	4.70
2	5-15 years	111.86	−0.49	112.42	—	4.43
3	Over 15 years	114.97	−0.51	115.56	—	5.22
4	Irredeemables	119.26	−0.34	119.68	—	6.07
5	All Stocks	112.45	−0.37	112.87	—	4.75
6	Debentures & Loans	87.60	−0.11	87.69	—	4.81
7	Preference	64.60	+0.25	64.44	—	3.13

	AVERAGE GROSS REDEMPTION YIELDS		Tues May 18	Mon May 17	Year ago (approx.)
	British Government				
1	Low	5 years	11.49	11.42	11.97
2	Coupons	15 years	12.62	12.57	12.61
3		25 years	12.65	12.60	12.73
4	Medium	5 years	13.96	13.87	13.76
5	Coupons	15 years	13.74	13.64	14.28
6		25 years	13.27	13.20	13.92
7	High	5 years	13.89	13.77	13.77
8	Coupons	15 years	13.95	13.95	14.49
9		25 years	13.49	13.38	14.13
10	Irredeemables †		12.28	12.24	12.10
11	Debs & Loans	5 years	14.93	14.89	14.93
12		15 years	14.76	14.73	14.95
13		25 years	14.63	14.61	14.95
14	Preference †		15.32	15.36	14.97

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. or amount	Times Covered	Gross Yield	P/E Ratio
140	F.P.	14/5	170	140	AIM Group 10p	170	+1	bd5.75	1.9	4.8	15.3
¶250	—	—	270	265	Assoc. Heat Services	270	−5	b9.0	2.1	4.8	13.7
§90	F.P.	—	94	92	✠Black (Michael) 20p	93	+1	u3.0	2.4	4.6	12.9
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	32	+2	—	—	—	—
§105	F.P.	21/5	109	105	✠Cass Group 10p	108	.....	ud2.5	2.6	3.3	15.5
§260	F.P.	4/6	375	293	✠Cont. Microwave	355	−15	b5.25	5.9	2.1	13.2
60	F.P.	28/5	62	59	✠DeBrett (Andre) 10p	59	−1	b2.5	2.1	6.1	11.2
§102	F.P.	—	135	122	Dew (George)	126	.....	g5.7	4.0	6.5	5.5
§130	F.P.	28/6	151	140	✠Druck Hldgs.	150	−1	b2.3	2.5	2.3	26.0
§87½p	F.P.	—	98	92	El'tro-Pr'teCpUS$0.50	92	−5	uQ1.5c	8.9	0.9	12.4
—	—	—	17	10	Gr'p Inv Option Crts	16	.....	—	—	—	—
§250	F.P.	14/5	250	245	✠Io Technology	247	.....	—	—	—	—
‖	F.P.	—	275	267	✠Jebsens Drilling	265	.....	b17.5	2.3	9.4	6.5
§120	F.P.	7/5	134	120	✠Leisure Inds.	120	−2	b6.0	2.8	5.9	8.3
136	F.P.	13/5	141	134	Standard Secs.	134	.....	b2.8	1.2	3.0	40.2
¶¶	F.P.	—	90	70	Zambia Cons Cpr 10K	70	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
§99.385	£25	14/7	25	21½	Cred. Foncier de France 14⅞% Lon.2007	24¼	.....
¶100	£10	1/7	12¼	11½	East Anglia Water 9% Red. Prf. 1987	12¼	.....
¶¶	F.P.	—	136	136	First Nat. 13½pc Conv. Uns. Ln. 1987	136	.....
¶100	F.P.	—	47	39	Grt. N'rth'n Inv. 4pc Net Cum. Prf. £1	47	.....
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	.....
¶100	£10	—	11	11	Mid-Southern Wtr. 9% Pref. 1987	11	.....
§100	F.P.	—	100⅞	100½	Nationwide Bdg. Soc. 14¼% (25/4/83)	100¼	−½
¶100	F.P.	—	100	100	Do. 13⅞% (23/5/83)	100	.....
‖107	F.P.	29/4	113½	109½	Queens Moat 10½% Cnv.'89-91	113½	.....

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ◘	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	28/5	13¾	15	Ansbacher (H.) 5p	11¾	.....
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	.....
125	F.P.	21/4	28/5	160	135	Beazer (C. H.) 10p	160	.....
A$1	Nil	24/5	7/6	18½pm	3½pm	Bond Corp.	9½pm	.....
135	Nil	—	—	44pm	28pm	Carless Capel 10p	28pm	−2
20	F.P.	30/4	28/5	86	40	Fisher (A.)	42	+2
5	F.P.	10/5	21/6	6	5	Grovebell (5p)	5½	.....
10	Nil	—	—	12½	10	Hallam, Sleigh & Cheston	10	.....
500	Nil	20/5	18/6	90pm	75pm	Hammerson Prop.	35pm	+5
500	Nil	—	—	75pm	30pm	Do. A	35pm	+5
120	F.P.	7/5	4/6	169	144	Lilley (F.J.C.)	170	+1
145	F.P.	12/5	7/6	187	176	Low (Wm.) 20p	176	−4
18	Nil	21/5	4/6	14pm	3pm	North Kalguri	4pm	.....
6	F.P.	19/4	21/5	8	6½	Platignum 5p	8½	+½
27	F.P.	29/4	27/5	29½	26½	Queens Moat	29	.....
98	F.P.	16/4	4/6	107	99	Riley Leisure	106	.....
170	F.P.	14/5	11/6	284	272	Steel Bros.	242	+8
10	F.P.	24/3	23/4	12½	10½	Sturla 10p	11½	.....
133	F.P.	10/5	10/6	160	146	Vickers (£1)	152	−3

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). †† Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BICC	323	− 4	Heath (C. E.)	332	− 6
BTR	318	− 8	Imperial Gp	96	+ ½
Beecham	272	− 1	Minet Hldgs	191	+ 4
Bemrose Corp	129	+53	S. & U. Stores	24	+ 5
Electro-Protective	92	− 3	Tysons (Contractors)	48	+ 6
Grand Met	212	− 6	Willis Faber	465	− 5

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	Monday's No. of price changes	Monday's closing price pence	Day's change	Stock	Monday's No. of price changes	Monday's closing price pence	Day's change
Minet Hldgs	18	187xd	+ 3½	Electro - Protec Corp of Amer	11	95	− 1
Glaxo	18	677	−13	Grand Met	11	218	− 5
BAT Inds	16	442xd	−15	Shell Trans	11	416	− 4
Unilever	15	610	−10	Carless Capel	10	163	− 3
GEC	14	890	−13	GUS "A"	10	497	− 5
Racal Elect	12	417	− 3	GRE	10	270xd	− 7
Courtaulds	11	89	− 5	Thorn EMI	10	445	− 5

APPOINTMENTS

Industrial director for Welsh Office

Dr Jim Driscoll, currently South Wales head of the British Steel Corporation's job creations subsidiary, BSC (Industry) has been appointed industrial director at the WELSH OFFICE from *June 1*.

He succeeds **Mr John Jones** who was recently appointed chairman of the Welsh Water Authority, after a three-year secondment to the Welsh Office from Anglesey *Aluminium*.

Industrial director at the Welsh Office is normally a businessman seconded from the private sector. The job entails working alongside Welsh Office civil servants on the task of attracting new industrial projects to Wales; and encouraging Welsh industry to grow.

Dr Driscoll was born and educated in Cardiff and at Birmingham University, where he gained a doctorate in chemical engineering. Before joining BSC, he worked for Joseph Lucas in the *Midlands*.

★

Mr Colin Gill has been appointed managing director of FAIREY NUCLEAR, a Fairey Holdings group company. He joined Fairey Nuclear in 1978 as works manager.

★

Viscount Arbuthnott has been elected deputy chairman of the court of directors, SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY, in succession to Mr E. H. M. Clutterbuck, whose term of office has expired. Mr Clutterbuck continues in office as an ordinary director of the society. Lord Arbuthnott also becomes, ex officio, a director and deputy chairman of the society's subsidiary companies *Pensions* Management (SWF), Scottish Widows Unit Funds and Scottish Widows Fund Management, in place of Mr Clutterbuck.

★

ALLIED TEXTILE COMPANIES has appointed **Mr Stephen Rendle** director of Reid & Taylor.

★

HENRY WIGFALL & SON has appointed **Mr Thomas Cole** as marketing director, a position he previously held at Rumbelows. Another ex-Rumbelows executive, **Mr David Annal**, has been appointed marketing manager at Wigfalls.

★

SOUTHWEST CONSOLIDATED RESOURCES has appointed **Mr R. F. Johnston** as a director. He is president of States Petroleum Inc., based in Houston, Texas, which was established as a subsidiary of Southwest in 1981.

★

Mr Robert Chapman has been appointed secretary of the POST OFFICE staff superannuation fund. He was nominated by the Post Office, in agreement with British Telecom, and formally appointed by the trustees of the fund. He replaces Mr Frederick Davis, who retired last month.

David Lascelles examines the revised share ratings of bankers in the Lone Star state

Texas bank stars lose their glitter

FOR YEARS, the mere mention of Texas banks was enough to make mouths water on Wall Street. Located in one of the plum markets in the U.S., bolstered by soaring oil revenues, they did terrific business and raked in some of the fattest profits in the entire US banking industry. Any bank in the Lone Star State that did not manage to boost earnings year after year by at least 30 per cent was not worth a second glance—notwithstanding the well-known problems of one of their biggest customers, Braniff International.

Their astonishing performance made Texas bank shares the darlings of the stock market. Allied Bancshares, one of the highest fliers, was trading at $12 at the end of 1979. By the end of last year, it's share price had almost trebled to $33, a period when big names in the banking business, like Bank of America and Citicorp, reckoned they were doing well if their share prices just held steady.

But good times do not last for ever. Since the beginning of this year, Texas bank shares have come tumbling down from their dizzy peaks. Republic Bank, the Dallas-based bank which became a major casualty, fell by 25 per cent in only three months.

The sell-off was triggered mainly by the recent slump in the oil price which investors feared would feed through to the banks because of their heavy commitment to oil and gas lending. The topping out of the boom in the commercial real estate market—where Texas banks have also lent heavily—was another fear. The combination of these two cyclical industries was thought to put the banks in jeopardy.

This sudden twist in their fortunes has thrown the usually outgoing Texas bankers onto the defensive. Instead of parading their assets, they are now anxious to play down the size of their oil and gas loans. And even if they are exposed to energy, so what?

"When you look at the alternatives, I'd say energy was a pretty good business to be in," said Mr Nat Rogers, president of First City Bancorporation in Houston. "We have about $3bn in energy loans, but only one of them is a problem." According to Mr Rogers, First City began to rein in its energy lending about 18 months ago because it suspected that the oil price would fall. But at the end of last year, about 40 per cent of its commercial loans was still in the energy business.

All the banks stress that, while loan growth may look dramatic, they have tried to be conservative in lending policies, as their very low loan losses show. They vigorously deny reports that they have been making loans on the assumption that oil will hit $80 and even $100 a barrel by the end of the decade.

In calculating how much a particular oil project is worth, bankers say they assume that oil prices will rise by less than 10 per cent a year and that interest rates will average more than that. And they only lend against half the oil in a well.

"I would say we never even adjusted up to $35 a barrel," said Mr Marc Shapiro, executive vice-president at Texas Commerce Bank, which has about half its commercial loans in energy. Mr Shapiro believes that the price of oil could fall to $25 without posing serious problems for his customers and the bank, though things would be bad if it fell as low as $20.

Ironically, the biggest corporate casualty in Texas so far has had nothing to do with energy, or even real estate. The bankruptcy of Braniff, which is based at Dallas Airport, was unpleasant news, though the banks had taken the precaution of writing down their exposure to the airline.

Texas bankers are touchy about the popular idea that their State's economic fortunes are inextricably entwined with those of oil. Other things count as well, they say, like new technology industries, a pro-business State Government and a favourable tax climate.

"People on Wall Street seem to think that if the oil price is declining, this place is going to die. That's simply not the case," according to Mr Gerald Fronterhouse, president of Republic Bank. At the end of last year, Republic had about 20 per cent of its total loans in energy: according to bank stock analysts at Salomon Brothers, this was the lowest percentage among the major Texas banks.

Investors' fears about the fragility of Texas bank profits were borne out in the first quarter of this year—though not to the extent suggested by the plummeting share prices. First City's earnings were flat, a rare event in Texas banking. Other banks turned in reduced profits growth—though by any normal standard, the pace still looks hot: 16 per cent at InterFirst and Republic, 23 per cent at Texas Commerce and 26 per cent at Allied Bancshares.

Although bigger provisions for loan losses were a factor, banking results were also squeezed by higher funding costs and the impact of the recession.

Wall Street's bank analysts are still fairly bullish on the Texas banking industry, though they warn that the period of sizzling growth may now be over. Instead, in typical Texas fashion, they seem to be settling for a pace that would still leave most other banks standing.

HOW THE BANKS PERFORMED

	Earnings 1981 $m	Earnings 1980 $m	Increase %	Assets 1981 $bn
Republic Bank*	124	92	34	14.4
Texas Commerce	141	107	32	14.5
First City	133	93	44	14.3
InterFirst	172	131	31	17.3
Allied Bancshares	63	38	69	4.4

* Previously called Republic of Texas.

Hewlett maintains strong growth

By Our Financial Staff

SHARPLY HIGHER second quarter profits are reported by Hewlett-Packard, the Californian electronics group, fully maintaining the strong growth registered in the first three months of fiscal 1981-82.

Group net earnings increased by 34 per cent, from $70m to $94m, lifting half-year profits from $133m to $167m. Per share earnings totalled $1.35 for the six months, against $1.09 previously, with 76 cents against 57 cents coming in the second quarter.

Sales for the latest period totalled $1.06bn, compared with $877m for the corresponding 1981 quarter, lifting the half-year total to $2bn from $1.64bn.

Returns for fiscal 1980-81 have been restated for employee compensated absences, which reduced earnings for the second quarter and first half of that year by $4m or 3 cents a share. Figures for the current year reflect tax reductions of $5m or 4 cents a share for the second quarter and $10m or 8 cents a share for the half-year.

Hewlett, which is the largest manufacturer of electronic test and measurement instruments and the second largest producer of minicomputers in the US., said almost all its business segments contributed to the half-year improvement.

Prospects for continued growth look bright The directors said incoming orders for the second quarter were $1.1bn, up 11 per cent from the $989m booked in the corresponding 1981 period. Domestic orders totalled $572m, up 10 per cent from 1981 levels, while international orders gained 13 per cent to $530m.

K mart profits plummet despite increased sales

BY OUR FINANCIAL STAFF

A SUBSTANTIAL setback in the first quarter of this year was disclosed yesterday by K mart, one of the leading U.S. retailers of general merchandise.

A rise in sales over the period indicates that the Troy-based group's margins have suffered more severely than expected from reduced demand and inflation. For the year to January 1982 K mart recorded a fall in earnings from $358m to $261m, its lowest level since the mid-60s.

Net earnings for the first quarter have tumbled from $34.6m or 28 cents a share to $5.9m or six cents, on sales of $3.64bn against $3.37bn.

The board said it hoped to have "more favourable" results in the future as a result of planned changes in all its U.S. outlets —which total about 1,900 discount stores, and 356 variety stores. The changes will range from the use of electronic systems, to presentation of merchandise and the physical appearances of the stores.

K mart hopes to take advantage of the recovery in the U.S. economy expected in the second half of this year.

However, the results for the first quarter cast doubt on Wall Street predictions that the 1982-83 fiscal year will bring a rebound from 1981-82's $1.75 a share.

Factors affecting the first quarter results include a rise in the effective tax rate from 41.4 per cent to 46.9 per cent, and an increase in net interest charges from $9.3m to $18.5m, reflecting both higher borrowings and higher interest rates. There was also a $1m loss on currency translation, compared with a minor gain in the comparable period.

Weak demand, reflecting higher unemployment and the continued pressure of interest rates, cut into margins, said the company. The 8 per cent rise in sales over the quarter was less than expected, because of the bad weather and the weakness of the economy.

The results were adjusted downwards for inflation, in accordance with the Department of Labor's Department Store Index. This took 11 cents off the earnings total for this year's first quarter and 14 cents of the comparable period.

K mart expanded its sales vigorously in the 1970s by an aggressive marketing policy but has suffered pressure on profit margins in recent years as economic conditions deteriorated.

The stock is a favourite with investment institutions, which hold about 56 per cent of the shares.

Lucky Stores, a diversified retailer operating about 1,600 stores in 33 states, lifted sales by 9 per cent to $1.84bn in the first quarter of this year. But earnings tumbled from $20.1m to $15.8m, and share earnings fell from 48 cents to 31 cents. Net earnings for the whole of fiscal 1981-82 were $90.5m or $1.88 a share.

INTERNATIONAL CAPITAL MARKETS

Municipal bond from Ottawa

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE regional municipality of Ottawa Carlton is raising $40m in the Eurobond market through a 14¾ per cent 15-year issue led by Wood Gundy.

The bonds, which have an average life of 7.9 years, are priced at 99 per cent. Ottawa Carlton has not floated a Eurobond since 1975, but its debt is rated AAA by Moody's, the U.S. rating agency.

The issue was the only new fixed rate dollar Eurobond announced yesterday as the market quietened considerably ahead of the Association of International Bond Dealers' annual meeting in Venice at the end of the week.

On average secondary market prices were down by about ½ point. But dealers said there was some professional short-covering in the afternoon by traders closing their positions ahead of the Venice meeting.

In the floating rate note sector a $30m issue was announced for the Indian state-owned Bank of Baroda. The issue bears a margin of ¼ per cent over six month London interbank offered rate (Libor) and matures in 1989. Minimum coupon is 7 per cent.

Elsewhere, New Zealand is raising SwFr 100m through a 10-to-12-year issue led by Union Bank of Switzerland with an indicated yield of 6¼. Prices of Swiss Franc foreign bonds were little changed yesterday, while D-Mark foreign bonds shed about ½ point.

Perkin-Elmer earnings slip

By Our Financial Staff

NINE-MONTH earnings of Perkin-Elmer, maker of electronic analytical instruments and semiconductor processing equipment, fell from $55.3m to $41.9m on sales reduced from $819.2m to $766.9m.

Profits for the third quarter fell to $13.5m from $18.5m on sales down to $255.8m from $287.9m.

Per share earnings for the nine months were 97 cents against $1.28 previously, with the latest period contributing 31 cents against 42 cents.

Canadian stockbrokers to merge

BY ROBERT GIBBENS IN MONTREAL

THE MERGER announced yesterday by two big Canadian stockbroking firms confirmed the pressures on profits in the securities trading industry.

Greenshields, one of Canada's oldest investment houses, with offices in both Montreal and Toronto, is merging with Richardson Securities, which is controlled by the Richardson family of Winnipeg and Toronto. Terms of the merger were not known yesterday nor was the future of the minority interest in Greenshields held for several years by E. F. Hutton, the New York investment house.

The merger reflects the growing difficulties in the Canadian investment industry caused by depressed conditions in both bond and equity markets, as well as by a dearth of underwriting business. Even the largest Canadian investment houses have been showing operating losses in the past year. Greenshields was several years ago among the top six investment houses in Canada but in the past two years has dropped to about tenth or eleventh place.

Richardson is among the top six and among those best able to weather the present storm. It has a strong presence in Western Canada where Greenshields is at its weakest.

In the past three years, much of the stock market investment interest in Canada has focused around the Western Canada energy stocks. The Government's Energy Program has sparked off a range of readjustments of assets by both domestic companies and U.S. groups with interest in these areas.

Increase in Kingdom of Sweden credit

By Our Euromarkets Correspondent

INCREASES HAVE been announced in two large Eurocredits for European borrowers which both bear margins over U.S. prime rate and/or the U.S. rate for certificates of deposit.

The larger increase is in the $500m credit for the Kingdom of Sweden which has now been raised to $800m after as much as $970m was made available in the market.

The credit, which is led by Chase Manhattan and Morgan Guaranty is in two tranches, one bearing a split ⅛-¼ per cent margin over prime and the other allowing lenders to "lock-in" at 80 basis points over the average of the CD bid rate for the first five years and at 85 points for the following three.

Separately, Chase said yesterday that its $250m credit for ENI, Italy's energy concern, is expected to be raised to $350m. The credit bears a margin of ⅜ per cent for the first four years and ½ per cent thereafter.

The success of these operations testifies to the readiness of banks to lend money over U.S. primate rate which can be more lucrative than lending over Eurodollar rates.

Additional interest in lending to European borrowers may have been generated by uncertainties surrounding Latin America at present, though some bankers say it is too early for such a trend to be definitely confirmed.

U.S. QUARTERLIES

ANDERSON CLAYTON	1981-82 $	1980-81 $
Third quarter		
Revenue	366.9m	499.2m
Net profits	15.6m	14.1m
Net per share	1.26	1.13
Nine months		
Revenue	1.31bn	1.45bn
Net profits	54.6m	33.4m
Net per share	4.41	2.64

BRUNSWICK CORP.	1982 $	1981 $
First quarter		
Revenue	273.0m	263.8m
Net profits	3.63m	8.13m
Net per share	0.20	0.36

COMBINED INTERNATIONAL	1982 $	1981 $
First quarter		
Revenue	386.4m	197.4m
Net profits	21.5m	23.7m
Net per share	0.79	0.87

GERBER PRODUCTS	1981-82 $	1980-81 $
Fourth quarter		
Revenue	178.8m	172.4m
Net profits	8.57m	10.9m
Net per share	1.07	1.22
Year		
Revenue	702.7m	631.0m
Net profits	41.0m	30.8m
Net per share	4.60	3.46

HOLLINGER ARGUS	1982 $	1981 $
First quarter		
Revenue	20.7m	17.7m
Net profits	9.76m	4.88m
Net per share	1.66	0.83

INTERNATIONAL CONTROLS	1982 $	1981 $
First quarter		
Revenue	37.7m	31.4m
Net profits	2.4m	1.7m
Net per share	0.64	0.46

NLT CORP.	1982 $	1981 $
First quarter		
Revenue	214.4m	197m
Net profits	30.1m	29.2m
Net per share	0.87	0.84

RYAN INSURANCE GROUP	1982 $	1981 $
First quarter		
Revenue	47.3m	38.3m
Net profits	2.1m	1.9m
Net per share	0.50	0.47

هكذا من الأصل

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16.

Closing prices on May 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	101¾	102¼	−0⅛	−0½	14.27
Amax Int. Fin. 16¾ 92	75	103⅞	104⅜	0	+0⅝	15.38
Amex O/S Fin. 14¼ 89	75	97½	98	−0⅛	−0⅛	14.77
APS Fin. Co. 16⅞ 89	75	103¼	103¾	−0⅛	−0⅞	15.32
Armco O/S Fin. 15⅛ 86	50	100¼	100¾	−0⅛	−0¼	15.13
ATT 14¼ 89	400	101⅜	101⅞	−0⅛	−0⅛	13.94
Baker Int. Fin. 0.0 92	225	†27½	28	−0½	−0⅜	14.02
Bk. Amer. NT SA 12 87	200	92½	93	−0¼	+0⅝	14.13
Burroughs Int. 15¾ 88	50	104⅜	104⅞	−0⅛	−0⅝	14.65
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Pac. S. 16⅞ 89 C$	50	†99¼	99¾	0	0	16.46
Crd. Foncier 17⅞ 89 C$	30	†100	100½	0	+0½	17.04
Hudson Bay 17 89 C$	40	†100	100½	0	−0¼	16.92
Montreal 17 89 C$	50	†102	102½	0	0	16.38
Queb. Hydro 16½ 89 C$	50	†98½	99	0	−1⅛	16.77
Quebec Prov. 17 88 C$	50	†103¼	103¾	+0¼	+0⅞	15.98
Simpsons 16¾ 89 C$	40	†97	97½	+0⅛	+0⅜	17.41
U. Bk. Nwy. 9½ 90 EUA	18	89½	90¼	0	+0⅞	11.47
Amro Bank 10 87 Fl	150	99	99½	−0⅛	−0⅛	10.19
[illegible]						

U.S. $1,200,000,000

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THE KINGDOM OF DENMARK

ARRANGED BY

CITICORP INTERNATIONAL GROUP

ADVISORS TO THE BORROWER

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FEBRUARY 12 1982

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THE KINGDOM OF DENMARK

U.S. $1,100,000,000

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CONSISTING OF

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CITICORP INTERNATIONAL BANK LIMITED
AGENT

APRIL 2 1982

UCB - Brussels 1981

The following statement by Mr. A. JAUMOTTE, Chairman, serves as an introduction to the Directors' report. The Shareholders' General Meeting will be held on the 8th June 1982.

In 1981 the chemical industry was severely affected by the general recession. Companies had to face excessive wage and salary costs, social and financial charges and taxes, especially in Belgium, whilst selling prices were depressed due to weak demand.

Despite this unfavourable climate, the net sales of the UCB Group rose by 11% to reach BF25,471 million in 1981, compared with BF22,994 million in 1980, and Group net profit after tax amounted to BF257 million, compared with BF219 million in 1980.

In the Chemical Sector sales turnover rose sharply due to the increase in the cost of raw materials, particularly petrochemicals. The Sector has again become slightly profitable, following major capital expenditure undertaken over several years.

The expansion of the Pharmaceutical Sector continues steadily. The pace is, however, slower than in 1980, due to the policy of the Belgian Government on prices and on the reimbursement of pharmaceutical specialities, which directly affects the profitability of the Sector.

The Film Sector has had a particularly difficult year, due to the intense competition in the market it serves, where excessive capacity has led to price levels being too low. It made a significant loss this year due, amongst other things, to the cost of continuing structural changes involving a further reduction in numbers employed and an adaptation of capacities. The increase in sales figures has, moreover, remained below the increase in production costs.

The net profit after tax of UCB S.A. amounted to BF357 million in 1981, leaving a profit of BF229 million after the transfer of exceptional profits of BF128 million to tax exempt reserves.

The fact that both the Group and UCB S.A. made profits despite the unfavourable economic situation, demonstrates UCB's *improved capacity for resistance in a period of crisis.* It is the benefit of the policy pursued for many years, which has involved numerous measures to rationalise management and production in each Sector, whilst at the same time investing in selected capital projects to improve the Group's competitive position. Our expansion into markets outside western Europe, which are less affected by the recession, has also produced its first results.

On the 21st February, 1982, the Belgian Government took various measures designed to improve the competitiveness of companies. During 1982 and 1983 these should increasingly have a positive effect on the results of UCB S.A. and the other Belgian companies in the Group.

Among these we should note the temporary modification of the automatic link between wages and salaries and the retail price index. The indexation system practised in Belgium up to now, together with the significant inflation which we have suffered, has, even in 1981, led to an increase in wage and salary costs which has been too rapid, even though it was lower than that of 1980. It is essential that the reduction in the growth of wage and salary costs continues even further in Belgium, so as to bring them back to the level of our European competitors, which is already higher than that in the United States of America and in Japan, or in the rest of the world. We should also note the alteration in the Belgian franc within the European monetary system, the devaluation of 8½% should benefit the UCB Group, considering that most of its production takes place in Belgium, that it includes a considerable added value and that it is largely destined for export.

The Board approved last December an investment programme for 1982 which amounted to BF978 million for the whole Group.

We believe that the combination of our efforts in investment, in expansion and in tight management at Group level, and of the *Belgian Governmental measures referred to above,* will allow us to continue our policy of expansion.

BRIEF SURVEY OF UCB GROUP

	1979 BF	1979 £	1980 BF	1980 £	1981 BF	1981 £
In BF and £ sterling million (mn)						
Group net sales	20,390	*326.9*	22,994	*304.0*	25,471	*346.0*
	(+15%)		(+13%)		(+11%)	
Numbers employed at 31st December	8,349		8,106		7,797	
Own funds*	4,476	*71.8*	4,554	*60.2*	4,882	*66.3*
Cash flow**	1,312	*21.0*	1,139	*15.1*	1,231	*16.7*
Value added***	7,548	*121.0*	8,196	*108.4*	8,731	*118.6*
Capital expenditure during the year	615	*9.8*	1,118	*14.8*	1,151	*15.6*
Research expenditure	575	*9.2*	640	*8.5*	695	*9.4*
Finance and loan charges	344	*5.5*	394	*5.2*	572	*7.8*
Taxation	141	*2.3*	126	*1.7*	63	*0.9*
Profit after tax	330	*5.3*	219	*2.9*	257	*3.5*
Profit after tax as a % of own funds	7.4%		4.8%		5.3%	
In BF and £ Sterling per share						
Share of UCB						
In own funds****	2,787	*44.7*	2,804	*37.1*	3,049	*41.4*
In cash flow	1,093	*17.5*	836	*12.3*	1,041	*14.1*
In profit after tax	271	*4.3*	174	*2.3*	227	*3.1*
Price range of UCB S.A.'s share	1,830-1,156	*29.3-18.5*	1,535-970	*20.3-12.8*	1,510-948	*20.5-12.9*
Number of shares in UCB S.A. at 31st December	1,099,360		1,113,326		1,113,326	

* Own funds include outside interests, subordinated loan(s) and investment grants.
** Cash flow is made up of: depreciation, subventions received, increase or decrease in provisions for risks and charges, and profit after tax.
*** Added value is made up of: wages, salaries and social charges, depreciation, financial charges, tax and net profit.
**** Own funds do not include outside interests and subordinated loan(s).
Rates of exchange used: 1979 £1=BF 62.37 1980 £1=BF 75.63 1981 £1=BF 73.61

Copies of the 1981-Annual Report (in English, French or Dutch) can be obtained on request from:

UCB S.A. Public Relations Dept., Avenue Louise 326 BTE 7
B-1050 Brussels (Belgium). Tel: (010) 322 641 14 11. Telex: 21 280.

French car makers set to retake markets

AFTER several years of competitive squeeze, the French motor industry is fighting back hard through a major drive aimed at increasing productivity. Terry Dodsworth reports

A RECORD trade surplus of FFr 28.2bn ($4.7bn) in 1979, followed by a fall to FFr 26bn in 1980 and a further slide to FFr 24.3bn last year, tells the gloomy tale of the French motor industry following the second oil crisis. The great cash cow of France's exporting industries is no longer the animal it used to be.

In the palmy days of the last decade, the Government grew to rely consistently on France's vehicle and component producers to generate a steadily increasing surplus of overseas trading profits. Exporters built up their business to about 14 per cent of the country's total foreign sales. Car imports, on the other hand, were held at around 22 per cent by the strength of the French-owned distribution networks and the rigidly-administered 3 per cent market ceiling on Japanese cars.

This happy situation has been turned inside out in the last two years. On the exporting side, French manufacturers have suffered in some of their major markets, particularly West Germany, where car sales fell from 263,000 in 1979 to 200,000 last year. At home, imports leapt from 437,000 two years ago to 517,000 in 1981, thus helping reduce the trade surplus in real terms, to the level of 1974. Measured in constant 1970 francs, the surplus fell from FFr 12.8bn three years ago to FFr 8.5bn last year.

On the face of it, this sudden slippage looks like a clear illustration of many of the things that the recently-elected Socialist administration claims to be wrong with French industry. Since sales overseas are falling, the argument goes, French products must be becoming uncompetitive, and action is needed to make them more competitive. In France itself, imports must be driven back and the domestic market "reconquered"—again through improving the quality of French products.

From the motor industry's point of view, however, the reasons for the setback are much more complex. One crippling factor on the volume of both exports and imports was the overvaluation of the franc during the 1980-81 period —a factor which helped turn a 34,000-car surplus with West Germany into a 100,000 unit deficit last year. Even after the devaluation against the D-mark last October, the industry is not convinced that the divergence between high French inflation and the moderate German rate has been adequately covered.

But the currency problem turned out to be only the thin end of a much larger wedge that has split open the shape of the French motor industry in a way that is likely to be irreversible. The more long-term structural problem was caused by the break-up of the Talbot franchise in France. This reorganisation provided the opportunity for foreign companies — mainly West Germany's Volkswagen and Ford—to pick up good new dealerships in France for the first time in years.

The Talbot restructuring—its dealerships have now been merged with those of Peugeot, its parent company—has probably cost the French industry a permanent 4 to 5 per cent of its domestic market. Few analysts expect car imports to settle at the 30 per cent they reached at the high point last year. But even allowing for some decline to, say, between 26 and 27 per cent, France's producers and dependent component companies have still lost a sizeable tied market.

While these clouds have gathered over the French industry, however, the manufacturers have not been idle. The most striking evidence that the industry is not slipping into a cycle of declining competitivity lies in its record of change and investment. An enormous effort has gone into the modernisation of the production apparatus over the past two years, most of it centred on a drive for higher productivity.

● First, the industry has quietly, but insistently, begun to slim its workforce. Job cuts in car and component companies are reckoned to amount to between 30,000 and 40,000 over 1980-81, a dramatic turnround from the steady creation of new employment in the post-war period.

● Secondly, companies have begun to explore and introduce Japanese-type methods of work enrichment. Both Peugeot and Citroen, for example, have gone heavily into quality as a means of improving their products. New factories are being designed with the emphasis on upgrading the level of skill, reducing the mechanical, repetitive production line jobs, and fostering responsibility. At a recently-opened gearbox plant in Valenciennes, Peugeot has set a target standard of zero fault production of the type practiced in Japan.

● Thirdly, new investment is being pumped into high level automation and robot projects. In this context, the industry has maintained its reputation for being in the vanguard of French innovation. Very few of France's 800 or so robots are used outside the motor industry. Renault has forged the reputation of being the country's principal robot designer and manufacturer. From the development of welding and painting robots, the company is now moving into the robotisation of the much more complex handling and assembly processes.

● Parallel to the robot developments, the motor industry is taking the lead in the design of flexible factories. The most advanced of these has recently been opened by Renault Vehicules Industriels, the truck division of Renault, for the machining of a range of heavy gearbox cases.

In this plant, parts are carried around various processes on computer-controlled trollies, to be machined on computerised tools in an order that is also commanded by computer. Apart from the entirely automatic methods of machining, the outstanding feature of this plant is the complete variability of the order in which parts are moved from tool to tool. The idea is to pare down stock-holding to the absolute minimum.

Similarly, flexible production methods have also been introduced by Jaeger, the dashboard manufacturer. Here, the idea was to create lines that were capable of dealing with a mix of similar products, using machines that can recognise differences in the part to be processed.

● Finally, the French industry has stepped up its investment in research and development. The pressure to develop more fuel efficient cars has led to a more concerted national effort, with growing co-operation between the manufacturers and expanding links with university research departments. Expenditure on R and D—more than doubled between 1975 and 1979, rising from FFr 1.6bn to FFr 3.5bn, according to a study by the manufacturers' association.

The overall effect of this range of investments has been to endow the French industry with relatively modern production lines and up-to-date vehicles. Most companies accept that the Japanese are still ahead in some areas, notably in employee management and in their methods of extremely rapid stock turnover.

But French companies argue that, on a technical level, they have the answer to virtually anything that the other Europeans can throw at them. "I went to see Volkswagen recently," says a French manager, "and there was nothing they were doing more efficiently than we are. They only won last year because of the currency advantage."

Belgian zinc smelters plan merger

By Giles Merritt in Brussels

BELGIUM'S TWO foremost zinc smelters and producers, Vieille-Montagne and Compagnie Royale Asturienne des Mines, are shortly expected to announce the details of a merger aimed at streamlining their operations.

Both companies are already linked, in effect, through Societe Generale de Belgique which has a 28 per cent stake in Vieille-Montagne and 26 per cent of Asturienne.

The proposed merger has been expected since last year's major financial move by SGB, in which it absorbed and reconstituted its Union Miniere mining subsidiary with the aim of using it to head a new vertically structured non-ferrous metals group inside SGB.

The talks announced yesterday by SGB between the managements of Vieille-Montagne and Asturienne are understood to centre largely on the rationalisations that their merger would yield.

Vieille-Montagne, which is the world's largest zinc refiner, has not paid a dividend since 1977 and currently has accumulated losses of more than BFr 2bn ($46m).

Asturienne announced recently that, after eight years of persistent crisis in the European zinc industry it has achieved a BFr 133.7m profit for 1981, reducing its accumulated deficit to BFr 2.7bn.

Akzo makes slow start to 1982

BY WALTER ELLIS IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, reports a disappointing start to 1982, with a net income for the first quarter of Fl 26m ($10m) compared with Fl 29m in the same period last

Mr A. G. Van Den Bos, the outgoing president of the board of management, told the annual meeting that a similar result for 1982 as a whole could be expected unless the world economy showed real signs of recovery.

Sales during the three months rose by 5 per cent to Fl 3.17bn, but much of the increase was accounted for by price rises. Man-made fibres sales rose "only modestly" with much of the problem being caused by reduced demand for the products of American Enka.

Operating income, at Fl 126.7m, was almost 11 per cent up on the first three months of 1981, but this is described as "absolutely inadequate." After interest payments, substantial losses were suffered in the man-made fibres division. A fall in sales of chemical products by Akzo Zout Chemie is also causing continuing concern. Heavy demand for de-icing salt in the U.S. as a result of severe winter weather was one bright spot during the early months of the year.

Shareholders backed the proposal of the board to pay a dividend for 1981 of Fl 2 per share.

Mr Van Den Bos said yesterday that he expected modest economic growth only in the years after 1982. "Because of this and because of the continuing development of new industrial nations, competition will remain firce."

The principal element of group strategy continues to be further improvement of product mix and the reinfocement of the competitive position in what it descibes as core activities.

DSM shows strong advance

BY OUR AMSTERDAM CORRESPONDENT

DSM, the Dutch chemicals and resource group, yesterday reported a 75 per cent increase in net income for 1981 to Fl 101m ($40m) on sales totalling Fl 1.83bn, 23 per cent up compared with 1980. Dr Wim Bogers, the president, however, described the profit as "much too low" in view of the substantially higher turnover.

DSM believes that the economic situation in Western Europe could improve this year if interest rates fall further. It seems demand for chemical products growing in volume terms by about 2 per cent this year.

The company does not foresee much early improvement in the fertiliser division in Europe and expects market sales elsewhere to be below the level of 1981. It is hoping for an improvement in fibre feedstocks but expects any improvement in petrochemicals to come only in the second half of this year.

Last year's increase in sales was attributed almost entirely to higher prices, with the actual volume little changed on 1980. However, the development of sales by DSM over the last five years has been slightly better than for the European chemicals sector as a whole, and the company is not despondent about the longer-term trend.

The bulk of the group's production activities—about 86 per cent of the total—continued to be in the Netherlands, but about 64 per cent of sales were abroad.

Deutsche Bank ahead at four months

By Our Financial Staff

OPERATING earnings for Deutsche Bank were up 20 per cent in the first four months of 1982 on an improving interest margin, shareholders were told at the annual meeting. The bank said it was too early to forecast net consolidated earnings for the year, but added that the 1982 dividend would not disappoint shareholders.

Although the bank's interest margin had developed favourably so far, it saw increased risks exerting pressure on the interest spreads later in the year. The bank had used operating income to strengthen its risk reserve as a precaution against write-offs on domestic and international loans.

This buffer lies in the interest of the shareholder — "even if everyone would like to see an even higher dividend." Last year Deutsche Bank paid an unchanged DM 10 ($4.30) per share.

● BASF, the West German chemicals company, has sold its 50 per cent interest in Dispersions Plastiques of France, to its French partner in the joint plastics undertaking, Pechiney Ugine Kuhlmann (PCUK).

BASF said both partners recognised a need to restructure Dispersions Plastiques to cope with difficult market conditions. It added that it would continue to supply speciality products to the plastics company.

VW in commercial vehicle deal with Austrian group

BY KEVIN DONE IN FRANKFURT

VOLKSWAGEN, West Germany's leading motor group, is to enter the market for four-wheel drive commercial vehicles through a joint venture with Steyr-Daimler-Puch of Austria.

Steyr is to develop and assemble four-wheel drive light commercial vehicles based on the VW-Type 2 Transporter. VW will provide most components and body parts in kit form from its Hanover works while Steyr will supply the four-wheel drive transmissions and associated parts.

The vehicles—vans and light buses—will be assembled at Steyr's Graz works in Austria.

Production, which is expected to begin at the latest by October 1984, will build up to 10,000 units a year. The initial five-year production contract will run to the end of 1989.

Sales of the new vehicles will be undertaken alone by VW, which is aiming at opening up a new market for four-wheel drive vehicles, particularly in the Alpine countries.

Steyr is already involved in a deal with Daimler-Benz of West Germany for the production of four-wheel drive cross-country vehicles which compete directly with the BL Range Rover.

Following problems between the two partners, the deal was modified last year with Daimler-Benz taking complete control of product development and sales in the most important markets. Production of the Daimler-Benz four-wheel drive vehicle is now carried out by Steyr on a fee basis.

Steyr will also provide four-wheel drive units for the Fiat Panda saloon.

Italtel plunges L269bn into the red at year-end

BY JAMES BUXTON IN ROME

ITALTEL, the Italian state-owned company which has about two-thirds of the national market for telephones and exchange equipment, has announced a loss for 1981 of L268.8bn ($210m) on sales 40 per cent higher at L703.8bn.

Italtel had an operating loss for the year of L189.9bn, on top of which were extraordinary losses of L78.9bn. In 1980 the company technically broke even, thanks to L232.7bn of capital gains on the sale of subsidiaries to cover operating losses.

Some L148.4bn of the 1981 loss was due to debt servicing charges which rose 25 per cent to equal 21 per cent of turnover. The extraordinary losses were mainly due to stock and indemnity losses at a Brazilian subsidiary.

Italtel's problems are due to overinvestment in outdated telephone exchange technology in the 1970s, slowness in developing an electronic exchange and to low labour productivity. The company is now in the second year of a five-year recovery programme and recently signed a co-operation agreement with General Telephone and Electronics (GTE) of the U.S., for the joint development of electronic switching systems, as well as other co-operation agreements.

Last year productivity and turnover per head increased and the labour force was reduced by nearly 2,500 workers to 26,250. Some 2,000 of those were engaged in research on which some L76bn was spent in 1981.

Strong demand from car industry lifts NTN Toyo

BY YOKO SHIBATA IN TOKYO

NTN TOYO BEARING, Japan's second largest bearing manufacturer, posted record parent company earnings in the year ended March. The result is attributed to growing demand for constant velocity joints for Japanese front-wheel-drive cars and small bearings for video tape recorders and office automation equipment.

Operating profits advanced by 32.6 per cent to Y14.06bn ($60m). Net profits were Y7.45bn, up 37.3 per cent, and sales reached 189.75bn, ahead by 6.5 per cent. Profits per share were Y27.42, compared with Y22.88, and the dividend total is raised by Y1 to Y7.

Sales of car parts rose by 10 per cent to account for 30 per cent of the total, thanks to strong sales of constant velocity joints to Ford Motor of the U.S. Constant velocity joints are used in front-whele-drive cars, and Toyo Bearing supplies 60 per cent of Japanese market under a production licence from GKN of the UK.

Sales of constant velocity joints totalled Y40bn, compared with Y35bn in 1980-81. Sales to Ford Motor accounted for Y3.7bn up by 68 per cent.

The company has plants in Germany, the UK and the U.S., but exports from Japan were still active, rising by 11 per cent to account for 24 per cent of total turnover.

The favourable effects of the yen's depreciation against the U.S. dollar, however, were cancelled out by the effects of the yen's appreciation against European currencies such as the D-mark and sterling, the company said.

The company expects sales of constant velocity joints to expand to Y44bn in the current year, thanks to the Japanese car manufacturers' shift toward front wheel drive cars. They took a 22 per cent share of total output in 1980 against 11.3 per cent in 1977. New demand for bearings for industrial robots and office automation equipment is also expected.

As a result, full year unconsolidated sales are expected to increase by 7 per cent to Y203bn. Operating profits are projected at Y15bn, up by 7 per cent and net profits at Y7.6bn, up by 2 per cent.

Write-offs hit net profits at Teijin

By Our Tokyo Staff

TEIJIN, Japan's largest manufacturer of polyester, lifted parent company operating profits by 26.4 per cent to Y14.28bn ($61m), in the year ended March, following a recovery in the polyester market and an increase in sales of polyester film for video tape recorder tapes.

However, net profits fell by 11 per cent to Y5.36bn, because of the cost of withdrawing from two joint ventures in Spain and Mexico. Profits per share were Y7.33, compared with Y8.37 and the dividend is unchanged at Y5.

Turnover increased by 2.6 per cent to Y460.87bn. Sales of polyester rose by 8 per cent to account for 58 per cent of the total thanks to a 13 per cent increase in exports. Nylon sales, however, fell by 7 per cent to account for 11 per cent of the total, affected by sluggish demand for tyre cord and carpets.

The company aims to lift operating profits in the current year by 12 per cent to Y16bn, by a further expansion of sales of polyester film and high value added textile materials. Net profits are targeted at Y8bn, up by 49 per cent, on unchanged sales of Y460bn.

Makino Milling Machine ahead

BY OUR TOKYO STAFF

MAKINO Milling Machine, a major Japanese machine-tool maker, has reported buoyant unconsolidated earnings for the year ended March, thanks to continued brisk demand for machining centres and strong overseas sales.

Operating profits rose by 28.3 per cent to Y6.32bn ($26.9m) and net profits by 23 per cent to Y3.2bn on sales of Y35.6bn, up 31.5 per cent.

Profits per share improved from Y49.57 to Y50.04 and the dividend total is Y10. Last year's total was Y9 and the company also paid a commemorative dividend of Y1.

Sales of machining centres expanded by 83.3 per cent to account for 30 per cent of the total and exports rose by 50.1 per cent to account for 29.5 per cent.

However, the sluggish economies of the U.S. and Europe affected the company's order book in the year. New export orders fell 22 per cent to Y8.59bn leaving total orders down 2.6 per cent at Y36.9bn. The order backlog totalled Y29.1bn at the year-end, up 1.8 per cent from a year earlier.

The company expects continued sluggishness in export markets in the current year and total orders received are forecast to fall to Y33bn. Operating profits are projected at Y7bn, up 11 per cent, net profits at Y3.4bn, up 6 per cent and sales at Y40bn, up 12 per cent.

Slowdown in growth at Verref

By Thomas Sparks in Johannesburg

VEREENIGING Refractories (Verref), the South African manufacturer of refractory bricks and materials which is 52 per cent-owned by Anglo American Coal Corporation, earned pre-tax, pre-interest profits of R25.3m ($23.8m) in the fifteen months ended March 31. In the year ended December 31, 1980 pre-tax profit was R17.2m. Turnover was R156.4m in the fifteen months against R102m in the preceding year.

The company warned last September that profit growth was likely to slow. Refractories, which account for about 60 per cent of profits are being affected by poorer steel industry conditions. Building bricks and roof tiles, which account for the remainder of Verref's operations, are being affected by a slowdown in building activity.

A total dividend of 81 cents has been declared from earnings of 259 cents a share in the fifteen months. In 1980 earnings were 190 cents a share and a total dividend of 60 cents was declared.

Toyota and GM continue discussions

By Richard C. Hanson in Tokyo

GENERAL MOTORS and Toyota Motor officials this week began a second round of working level talks on their plans to jointly produce a small passenger car in the U.S.

A 10-member team from GM, following a similar mission in mid-April, is expected to tackle a broad range of topics, including the selection of an appropriate model.

The first and second ranked car producers in the world opened discussions on the project earlier this year. GM already has strong links in Japan to Isuzu Motor, a leading truck maker, and Suzuki Motor a top maker of motorcycles and minicars.

Toyota failed last year to reach an agreement on joint production in the U.S. with America's second largest car company, Ford Motor.

Australian-Japanese team in Malaysian smelter talks

BY WONG SULONG IN KUALA LUMPUR

AN AUSTRALIAN-JAPANESE team is in Malaysia for talks on the possibility of setting up an aluminium smelter using the country's vast untapped hydro-electric power.

The team is being led by Sir Russel Medigan, deputy chairman of Conzinc Rio Tinto of Australia (CRA), and Dr S. Ikeda, head of Sumitomo Aluminium Smelting Company.

The visit is taking place against the background of closures of aluminium plants in Japan and the postponement in several aluminium projects in Australia due to the recession and energy costs.

The CRA-Sumitomo team is interested in a smelter in the East Malaysian state of Sarawak, using the hydro-electric potential of its rivers, in particular, the Rajang and its tributaries.

The discussions are in their preliminary stage, but it is believed the partners are interested in a smelter with an annual capacity of more than 200,000 tonnes.

Malaysian officials are of two minds over the project. Some argue that there is a need for a major energy-user project to act as a catalyst for the development of the hydro power in Sarawak, while another group feels Malaysia would simply be subsidising the project if energy is sold cheaply.

The hydro potential of Sarawak is huge—estimated at 80,000 megawatts, enough to supply the current needs of the five ASEAN countries—but development is hampered by its distance from the main consuming centres. The state needs only 75 megawatts.

CURRENCIES and MONEY

Late fall by dollar

The dollar showed a sudden fall in late European trading, following news of the insolvency of Drysdale Government Securities, a U.S. securities firm. This was followed by intervention from the Federal Reserve to add money market funds, leading to hopes of an easier trend in U.S. monetary policy, despite yesterday's firmer trend in Eurodollar interest rates.

Sterling remained nervous in expectation of further developments concerning the Falkland Islands.

DOLLAR — Trade-weighted index (Bank of England) 113.2 against 112.6 on Monday, and 106.9 six months ago. Three month Treasury bills (12.20 per cent (10.05 per cent six months ago). Annual inflation rate 6.8 per cent (7.7 per cent previous month)—The dollar touched a peak of DM2.33 against the D-Mark, but closed only slightly firmer on the day, at DM2.3150, compared with DM2.3015. It rose to FFr 6.0125 from FFr 5.99 against the French franc; to SwFr 1.9680 from SwFr 1.9540 in terms of the Swiss franc; and to Y236.90 from Y236.60 against the Japanese yen.

STERLING — Trade-weighted index 90.0 against 89.9 at noon, 90.1 in the morning, 90.2 at the previous close, and 90.3 six months ago. Three-month interbank 13 7/16 per cent (14 27/32 per cent six months ago). Annual inflation 10.4 per cent (11 per cent previous month)—Sterling fell 50 points against the dollar to close at $1.8135-1.8145. It traded within a fairly wide range in the afternoon, falling to $1.8000-1.8010 shortly after lunch and touching a peak of $1.8140-1.8160 near the close. The pound rose to DM 4.20 from DM 4.19; to FFr 10.9050 from FFr 10.8950; and to SwFr 3.5725 from SwFr 3.5575, but fell to Y430 from Y 430.50.

D-MARK — EMS member (strongest). Trade-weighted index 125.0 against 125.4 on Monday, and 122.6 six months ago. Three-month interbank 9.10 per cent (10.85 per cent six months ago). Annual inflation 5 per cent (5.2 per cent previous month)—The D-mark weakened against several major currencies at the Frankfurt fixing, including the dollar and sterling. The U.S. currency rose to DM 2.3194 from DM 2.2915, and the pound to DM 4.1860 from DM 4.1840, but the Swiss franc eased to DM 1.1759 from DM 1.1810.

FRENCH FRANC — EMS member (third weakest). Trade-weighted index was unchanged at 80.1 against 81.3 six months ago. Three-month interbank 16 7/16 per cent (15¼ per cent six months ago). Annual inflation 14.1 per cent (13.9 per cent previous month)—The franc rose against all its EMS partners at the Paris fixing, but lost ground to the dollar. The U.S. currency rose to FFr 6.0445 from FFr 5.9755, while sterling fell to FFr 10.9070 from FFr 10.9150. Within the EMS the D-mark declined to FFr 2.6037 from FFr 2.6077; the Dutch guilder to FFr 2.3430 from FFr 2.3465; the Irish punt to FFr 9.0250 from FFr 9.0350; the Belgian franc to FFr 13.7940 per 100 francs from FFr 13.8280; and the Italian lira to FFr 4.6930 per 1,000 lira from FFr 4.6950.

DUTCH GUILDER — EMS member (third strongest). Trade-weighted index 115.3 against 115.6 on Monday, and 115.1 six months ago. Three-month interbank 8 11/16 per cent (11 7/16 per cent six months ago). Annual inflation 6.8 per cent (unchanged from previous month)—The guilder showed an easier trend at the Amsterdam fixing, losing ground to the dollar, sterling and the Japanese yen. The dollar rose to Fl 2.5825 from Fl 2.5470; the pound to Fl 4.6580 from Fl 4.6480; and the yen to Fl 10.85 per 1,000 yen from Fl 10.826.

THE POUND SPOT AND FORWARD

May 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8000-1.8160	1.8135-1.8145	0.21-0.31c dis	−1.72	0.63-0.73dis	−1.50
Canada	2.2300-2.2480	2.2460-2.2470	0.57-0.67c dis	−3.31	1.45-1.55dis	−2.67
Nethlnd.	4.65-4.68	4.66½-4.67½	2-1½c pm	4.50	5¼-4⅞ pm	4.39
Belgium	78.90-79.50	79.35-79.45	20-30c dis	−3.78	60-70 dis	−3.27
Denmark	14.17-14.27	14.25½-14.26½	7½-8½ore dis	−6.52	18½-20½ dis	−5.45
Ireland	1.2060-1.2120	1.2105-1.2115	0.62-0.74p dis	−6.74	1.86-2.02dis	−6.41
W. Ger.	4.18-4.215	4.19½-4.20½	1⅞-1⅜pf pm	4.64	4⅞-4⅜ pm	4.40
Portugal	126.75-128.50	128.00-128.30	110-385c dis	−23.17	320-1015dis	−20.83
Spain	185.50-187.25	187.00-187.20	52-57c dis	−3.49	195-230dis	−4.54
Italy	2321-2333	2331-2333	20-24lire dis	−11.32	59-63 dis	−10.46
Norway	10.78-10.87	10.85½-10.86½	4½-5½ore dis	−5.59	9½-10¼ dis	−3.57
France	10.88-10.94	10.90-10.91	16-19c dis	−19.26	34-37 dis	−13.02
Sweden	10.46-10.55	10.53½-10.54½	¾-¼ore pm	0.50	⅜ pm-⅛ dis	0.09
Japan	427-432	429½-430½	2.50-2.30y pm	6.70	6.60-6.40 pm	6.05
Austria	29.45-29.65	29.60-29.65	14¼-11¼gro pm	5.16	36¼-29¼ pm	4.48
Switz.	3.56-3.59	3.56½-3.57½	3½-2⅞c pm	10.50	8⅞-8⅜ pm	9.66

Belgina rate is for convertible francs. Financial franc 87.55-87.65. Six-month forward dollar 1.20-1.30c dis. 12-month 1.95-2.10c dis.

THE DOLLAR SPOT AND FORWARD

May 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8000-1.8160	1.8135-1.8145	0.21-0.31c dis	−1.72	0.63-0.73dis	−1.50
Ireland†	1.4895-1.4980	1.4960-1.4980	0.68-0.58c pm	5.08	1.90-1.75 pm	4.89
Canada	1.2330-1.2400	1.2395-1.2400	0.12-0.15c dis	−1.31	0.31-0.35dis	−1.06
Nethlnd.	2.5775-2.5880	2.5810-2.5840	1.40-1.30c pm	6.28	3.82-3.72 pm	5.85
Belgium	43.75-43.98	43.76-43.78	6-9c dis	−2.05	17-22 dis	−1.78
Denmark	7.8630-7.9075	7.8630-7.8680	3-3½ore dis	−4.77	7½-8 dis	−3.94
W. Ger.	2.3140-2.3300	2.3145-2.3155	1.26-1.21pf pm	6.40	3.53-3.48 pm	6.05
Portugal	70.50-71.00	70.65-70.90	50-200c dis	−21.19	150-525dis	−19.07
Spain	103.00-103.45	103.15-103.20	15-25c dis	−2.32	70-90 dis	−3.10
Italy	1285½-1289	1285½-1286½	9-10lire dis	−8.86	28-30 dis	−9.01
Norway	5.9900-6.0015	5.9900-5.9950	1.40-1.80ore dis	−3.20	2.80-3.20dis	−2.00
France	6.0050-6.0650	6.0100-6.0150	8½-9½c dis	−17.92	17¾-19¼dis	−12.28
Sweden	5.8010-5.8280	5.8150-5.8180	1.15-1.00ore pm	2.21	2.40-2.25 pm	1.60
Japan	236.40-238.75	236.85-236.95	1.71-1.63y pm	8.48	4.45-4.35 pm	7.43
Austria	16.32-16.41½	16.34-16.35	10¼-9gro pm	7.07	26-23 pm	6.00
Swit.	1.9680-1.9800	1.9675-1.9685	2.00-1.92c pm	11.85	5.48-5.40 pm	11.06

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.0	−33.2
U.S. dollar	113.2	+5.6
Canadian dollar	86.6	−19.2
Austrian schilling	117.9	+25.8
Belgian franc	95.7	−1.4
Danish kroner	84.8	−12.8
Deutsche mark	125.0	+48.3
Swiss franc	146.7	+95.9
Guilder	115.3	+21.6
French franc	80.1	−13.9
Lira	54.3	−58.4
Yen	138.0	+32.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 18	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.627237	0.569431
U.S. $	12	1.13210	1.02725
Canadian $	15.41	—*	1.27338
Austria Sch.	6½	18.5053	16.7956
Belgian F.	14	49.6454	45.0476
Danish Kr.	11	8.90963	8.09732
D mark	7½	2.62579	2.38528
Guilder	8	2.92365	2.65083
French Fr.	9½	6.84298	6.21591
Lira	19	1458.14	1323.10
Yen	5½	268.761	244.127
Norwgn. Kr.	9	6.75713	6.15787
Spanish Pta.	8	116.842	105.858
Swedish Kr.	10	6.57184	5.97450
Swiss Fr.	5½	2.23250	2.02626
Greek Dr'ch.	20½	71.7185	65.0765

* C$/SDR rate for May 17: 1.41111.

OTHER CURRENCIES

May 18	£	$		£ Note Rates
Argentina Peso	25,684-25,724†	14,200-14,250†	Austria	29.40-29.7
Australia Dollar	1.7085-1.7105	0.9450-0.9455	Belgium	86.80-87.80
Brazil Cruzeiro	289.84-290.84	160.28-161.08	Denmark	14.15-14.29
Finland Markka	8.195-8.209	4.5300-4.5320	France	10.85-10.95
Greek Drachma	111.908-115.528	63.00-63.20	Germany	4.17-4.21
Hong Kong Dollar	10.366-10.38	5.7380-5.7410	Italy	2290-2345
Iran Rial	147.50*	80.85*	Japan	429-434
Kuwait Dinar (KD)	0.5171-0.5181	0.2851-0.2863	Netherlands	4.64-4.69
Luxembourg Fr.	79.35-79.45	43.76-43.78	Norway	10.76-10.86
Malaysia Dollar	4.1550-4.1630	2.2980-2.3015	Portugal	124½-131
New Zealand Dlr.	2.3475-2.3515	1.2985-1.3005	Spain	179½-188¾
Saudi Arab. Riyal	6.2005-6.2105	3.4305-3.4320	Sweden	10.43-10.53
Singapore Dollar	3.7790-3.7890	2.0910-2.0945	Switzerland	3.54-3.58
Sth. African Rand	1.9490-1.9500	1.0745-1.0750	United States	1.79¼-1.81¼
U.A.E. Dirham	6.6560-6.6460	3.6715-3.6730	Yugoslavia	81-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0476	+0.79	+1.03	±1.5440
Danish Krone	8.18382	8.09732	−1.06	−0.82	±1.6428
German D-Mark	2.41815	2.38528	−1.36	−1.12	±1.1097
French Franc	6.19564	6.21591	+0.33	+0.57	±1.3743
Dutch Guilder	2.67296	2.65083	−0.83	−0.59	±1.5069
Irish Punt	0.686799	0.688969	+0.32	+0.56	±1.6683
Italian Lira	1305.13	1323.10	+1.38	+1.38	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

EXCHANGE CROSS RATES

May 18	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.814	4.200	430.0	10.905	3.573	4.670	2332.	2.247	79.40
U.S. Dollar	0.551	1.	2.315	237.0	6.012	1.969	2.574	1286.	1.238	43.77
Deutshemark	0.238	0.432	1.	102.4	2.596	0.851	1.112	555.2	0.535	18.90
Japanese Yen 1,000	2.326	4.219	9.767	1000.	25.36	8.308	10.86	5423.	5.224	184.7
French Franc 10	0.917	1.663	3.851	394.3	10.	3.276	4.282	2138.	2.060	72.81
Swiss Franc	0.280	0.508	1.176	120.4	3.052	1.	1.307	652.8	0.629	22.23
Dutch Guilder	0.214	0.388	0.899	92.08	2.335	0.765	1.	499.4	0.481	17.00
Italian Lira 1,000	0.429	0.778	1.801	184.4	4.676	1.532	2.003	1000.	0.963	34.05
Canadian Dollar	0.445	0.807	1.870	191.4	4.854	1.590	2.079	1038.	1.	35.34
Belgian Franc 100	1.259	2.285	5.290	541.6	13.73	4.499	5.882	2937.	2.826	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 11/16	offer 14 15/16	bid 14 11/16	offer 14 15/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13⅜-13⅝	14⅝-14⅞	16-17	8¾-9	1½-2	8⅝-8¾	35-45	19-21	14-17½	14¾-15¼	6⅝-6⅞	20½-20⅞
7 days' notice	13⅜-13⅝	14¾-15	16-17	8⅞-9	2-2½	8⅝-8¾	35-45	20¾-22¾	15-18	14⅞-15⅛	6⅞-7	21½-21½
Month	13⅜-13½	14¾-15	16-16⅜	8⅞-9	3 1/16-3 5/16	8 11/16-8 13/16	32-35	22¾-23¾	16-17½	14¾-14⅞	6 15/16-7 1/16	20⅝-21
Three months	13⅜-13½	14 9/16-14 11/16	15½-15⅞	8⅞-9	3 7/16-3 9/16	8⅝-8¾	26-28	23½-24½	15¾-16¾	14¾-14⅞	7-7⅛	20⅝-21
Six months	13⅜-13½	14½-14¾	15½-15⅞	8 11/16-8 13/16	4⅝-4¾	8 11/16-8 13/16	23½-24½	23⅝-24¼	16-16½	14⅝-14¾	7 1/16-7 3/16	19⅛-19½
One Year	13⅜-13½	14 7/16-14 9/16	15⅝-16	8 11/16-8 13/16	4¼-4⅞	8⅜-8½	20½-21½	23⅜-24⅛	15½-16	14 7/16-14 9/16	6⅞-7	17¾-18⅛

SDR linked deposits: one month 14-14⅛ per cent; three months 13 7/16-13 11/16 per cent; six months 13 5/16-13 9/16 per cent; one year 12¾-13⅛ per cent

ECU linked deposits: one month 14 9/16-14 15/16 per cent; three months 14⅛-14½ per cent; six months 13 13/16-14 3/16 per cent; one year 13¼-13⅝ per cent.

Asian $ (closing rates in Singapore): one month 14 11/16 per cent; three months 14½-14⅝ per cent; six months 14½-14⅝ per cent; one year 14 5/16-14 7/16 per cent. Long-term Eurodollar two years 14½-14¾ per cent; three years 14¾-15 per cent; four years 14⅞-15⅛ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.45-14.55 per cent; three months 14.35-14.45 per cent; six months 14.25-4.35 per cent; one year 14.10-14.20 per cent.

MONEY MARKETS

UK rates continue to rise

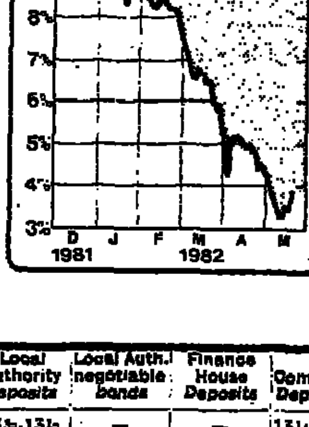
UK clearing bank base lending rate 13 per cent (since March 12)

Tension increased and the level of business decreased in the London money market yesterday as hopes of a peaceful settlement to the Falkland Islands crisis receded. Period rates in the interbank market were generally one eighth of a point firmer than Monday's levels with three-month money at 13⅜-13½ per cent and six-month at 13 7/16-13 9/16 per cent. Overnight funds opened at 13⅜-13½ per cent and rose to 13⅝-13¾ per cent before coming away on the forecast to 13¼-13½ per cent. Rates fell away during the afternoon to finish at 8 per cent.

The Bank of England gave a forecast of a £50m shortage, with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£170m and banks' balances below target by £110m. These were partly offset by Exchequer transactions of £120m and a fall in the note circulation of £70m. The Bank did not intervene in the morning but bought £64m of bills in the afternoon, comprising £2m of eligible bank bills in band 1 (up to 14 days) at 13½ per cent and £62m of eligible bank bills in band 2 (15-33 days) at 13 per cent.

In New York trading was again quiet with Federal funds trading between 14⅝-14¾ per cent. The Federal Reserve Bank entered the market however to inject $1bn through overnight repurchase agreements. Some saw this as an attempt to allay any market tension after reports that Drysdale Government Securities was unable to meet interest payments due to Chase Manhattan Bank.

In Frankfurt call money was steady around 8.95 per cent. Monday's addition of some DM4.2bn to the system has allowed banks to reduce borrowings through the Lombard facility to DM1.4bn on Monday down from DM4.3bn on Friday and there seems little likelihood in the near future of further injections of liquidity. Longer term rates were also steady with little expectation of any change in credit policies or key lending rates at today's meeting of the Bundesbank central council, so soon after the abolition of the special Lombard rate.



EUROCURRENCIES

Eurodollars firmer

Euro-dollar rates were higher yesterday while U.S. domestic rates held steady. This helped to push the dollar firmer in the spot market but mostly weaker in forward trading. The more notable exception was sterling, against which the dollar showed a narrower discount in forward trading as Euro-sterling rates rose in anticipation of a possible invasion of the Falkland Islands.

The Swiss franc showed a much wider premium earlier in the day compared with Monday despite a rise in Euro-Swiss franc rates but its premium tended to narrow later.

Elsewhere the D-mark reacted to higher Euro-dollar rates and was much firmer in forward trading while Euro-D-marks were virtually unchanged from Monday. Euro-French francs were higher and the franc showed a wider discount in the forward market although it showed a small improvement from levels touched earlier in the day.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	15⅛-14⅞
Treasury bills (13-week)	12.20
Treasury bills (26-week)	12.24

GERMANY

Lombard	9.0
Overnight rate	8.95
One month	9.175
Three months	9.10
Six months	8.85

FRANCE

Intervention rate	16.0
Overnight rate	16.375
One month	16.1875
Three months	16.3125
Six months	15.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.15625

LONDON MONEY RATES

May 18 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-13⅝	13⅜-13½	—	—	13¼-13⅝	10-13	—	—	—
2 days notice	—	—	13½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅜-13½	13½	—	—	13½-13¾	13	—	—	—
One month	13 7/16-13⅜	13½-13½	13⅜	13⅞-13½	13½	13⅞	12⅞-13	13 1/32-13 1/16	13 1/16	13¾
Two months	13 7/16-13 5/16	13 7/16-13½	—	13¾-13⅝	13½	13⅞	12¾-12⅞	12 13/16	12 13/16	13½
Three months	13⅜-13½	13⅜-13½	13½	13¾-13⅜	13½	13⅞	12½-12¾	12 11/16-12¾	12 13/16	13¼
Six months	13 7/16-13 5/16	13⅜-13 7/16	13¼	12⅞-12½	13 5/16	—	—	—	12½	12¾
Nine months	13 7/16-13 5/16	13 7/16-13¼	—	13⅝-13¼	13 5/16	—	—	—	—	—
One year	13 5/16-13 7/16	13 7/16-13 5/16	13⅜	13½-13⅛	13⅛	—	—	—	—	—
Two years	—	—	13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three days 13⅞ per cent; four years 14 per cent; five years 14⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¾ per cent; four months trade bills 13⅛ per cent.

Approximate selling rates for one month Treasury bills 12 29/32 per cent; two months 12⅞ per cent; three months 12⅝ per cent. Approximate selling rate for one month bank bills 13 per cent; two months 12 29/32-12⅞ per cent and three months 12 23/32 per cent; one month trade bills 13½ per cent; two months 13¼ per cent, three months 13 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.5023 per cent.

Certificates of Tax Deposit (Series 5) 13¼ per cent from May 14. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

هكذا من الأصل

هكذا من الأصل

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.6	238.6	+0.1	—
Equity Fund	52.3	55.1	-0.7	—
Property Acc.	265.5	279.5	+0.7	—
Equity Acc.	50.0	52.7	-0.7	—
Selective Fund	149.2	157.1	-1.2	—
Money Fund	165.7	174.5	+0.4	—
Convertible Fund	177.8	187.2	+0.5	—
Prop. Fd. Ser. 4	209.3	220.4	+0.1	—
Equity Ser. 4	55.9	58.9	-0.7	—
Man. Ser. 4	199.6	210.3	-1.3	—
Money Ser. 4	150.3	158.3	+0.4	—
Conv. Ser. 4	150.5	158.5	+0.4	—
Fixed Int. Fd. Ser. 4	116.4	122.6	-0.7	—
American Ser. 4	112.1	118.0	.....	—
High Inc. Ser. 4	115.7	121.8	-1.8	—
Indexed Inv. Series 4	96.2	101.3	+0.5	—
Pension Property	315.9	332.6	+0.2	—
Pension Equity	287.0	302.3	-2.5	—
Pension Selective	150.2	158.2	-1.0	—
Pension Managed	294.1	309.6	-1.3	—
Pension Security	220.1	231.7	+0.8	—
Pension Fixed Int.	112.4	118.4	-0.4	—
Pension Indexed Inv.	96.3	101.4	+0.5	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	323.4	340.4	-0.6	—
Fixed Int. Acc.	194.6	204.8	.....	—
Gtd. Money Fd. Ac.	155.2	163.4	.....	—
Intl. Man. Fd. Acm.	148.5	156.3	-0.3	—
Intl. Fxd. Int. Fd.	108.3	114.0	-0.2	—
Prop. Fd. Acc.	158.6	166.9	.....	—
M'ple Inv. Acc.	253.1	266.4	-0.4	—
Equity Pen. Fd. Acc.	445.1	468.5	-1.0	—
Fixed I. Pen. Acc.	311.7	328.1	-0.1	—
G'td. Mon. Pen. Acc.	214.0	225.3	.....	—
Intl. Mn. PnFdAcc.	172.2	181.2	-0.5	—
Prop. Pen. Acc.	208.7	219.7	.....	—
M'ple Inv. Pen. Acc.	367.2	386.5	-0.7	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	199.4	210.1	.....	—

Crown Life—Continued

St. George Managd. Fd.	109.4	115.1	+0.3	—
Lincs & Gen. Fd.	119.8	126.1	-0.7	—
Sage Fd.	89.0	93.6	+1.6	—
Heritage Fd.	98.6	103.7	+1.2	—
DSS Managed	104.4	109.8	+2.8	—
Crown. Brit. Inv. Ac.		217.2	.....	—
Pens. Mixed. Fd.	147.5	152.8	.....	—
Pens. Mang'd. Acc.	110.0	115.7	.....	—
Pens. Mang'd. Init.	106.5	112.1	.....	—
Pens. Equity Acc.	102.4	107.7	.....	—
Pens. Equity Init.	99.1	104.3	.....	—
Pens. Fxd. Int. Acc.	106.3	111.8	.....	—
Pens. Fxd. Int. Init.	102.7	108.1	.....	—
Pens. Money Acc.	107.4	113.0	.....	—
Pens. Money Init.	104.1	109.5	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop May 4	100.1	110.1	.....	—
Managed Pens Apr 14	112.11	118.10	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	76.9	79.7	-0.6	6.14

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	186.2	196.0	-1.7	—
Higher Inc. Fund	118.9	125.1	-0.8	—
Property Fund	190.8	200.8	+0.2	—
Fixed Interest Fund	139.8	147.1	-0.7	—
Index Linked Secs Fnd.	93.1	97.9	+0.1	—
Gtd. Deposit Fund	134.6	141.6	+0.3	—
Nth. America Fund	108.2	113.8	-0.3	—
Far East Fund	90.5	97.2	-0.1	—
International Fund	102.1	107.4	-0.3	—
Mixed Fund	166.7	175.4	-0.7	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	190.4	200.4	.....	—
Ind. Pen. Property	142.9	150.4	.....	—
Ind. Pen. Fixed Int.	136.0	143.1	.....	—
Ind. Pen. Index Lk. Scs.	101.4	106.7	.....	—
Ind. Pen. Overseas	152.9	160.9	.....	—
Ind. Pen. Cash	134.2	141.3	.....	—

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.72	12.33	.....	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Multi Gwth. May 6	£2.0841	—	.....	—
Op. 8 Prop. A May 13	223.9	235.7	.....	—
Op. 8 Equity May 13	221.8	233.5	.....	—
Op. 8 Fy. May 13	193.8	204.0	.....	—
Op. 8 Man. May 13	234.4	246.8	.....	—
Op. 8 Dep. May 13	167.6	176.5	.....	—
Op. In. B May 13	117.7	123.9	.....	—
Op. 8 Inc. May 13	111.1	117.0	.....	—
Op. In M May 13	119.5	125.8	.....	—
U.S. SF. I. May 13	103.6	109.1	.....	—
O & G Prp. Fd. May 13	96.9	102.0	.....	—
Pens. Pr. May 15	235.8	248.3	.....	—
Pens. Pr. Cp. May 15	179.5	189.4	.....	—
Pens. Eq. Ac. May 15	555.8	585.1	.....	—
Pens. Eq. Op. May 15	424.0	446.4	.....	—
Pens. Fxd. Ac. May 15	268.0	282.2	.....	—
Pens. Fxd. Co. May 15	204.5	215.3	.....	—
Pens. Man. May 15	363.6	393.3	.....	—
Pens. Man. Co. May 15	285.0	300.0	.....	—
Pens. Dp. Ac. May 15	239.3	251.9	.....	—
Pens. Dp. Cp. May 15	182.5	192.2	.....	—
Britannia Funds—Series A				
Am. Smlr. Co's. May 12	87.4	92.1	.....	—
Am. Spec. Sits. May 12	103.8	109.3	.....	—
Commodity May 12	64.6	68.1	.....	—
Extra Inc. May 12	89.5	94.3	.....	—
Far East May 12	94.8	99.8	.....	—
Fin. Secs. May 12	107.0	112.7	.....	—
Gold & Gen. May 12	52.6	55.0	.....	—
Growth May 12	81.8	86.2	.....	—
Inc. & Growth May 12	107.2	112.9	.....	—
Int. Growth May 12	92.7	97.6	.....	—
Japan Perf. May 12	78.8	83.0	.....	—
Minerals May 12	62.9	66.3	.....	—
Nat. High Inc. May 12	102.9	108.4	.....	—
Prop. Shares May 12	88.8	93.5	.....	—
Sp. Mkt. Sits. May 12	90.7	95.5	.....	—
Recovery May 12	87.2	91.8	.....	—
Smaller Cos. May 12	110.5	116.4	.....	—
Univ. Energy May 12	66.9	70.5	.....	—
World Tech. May 12	90.5	95.3	.....	—
Man. Growth May 12	98.1	103.3	.....	—
Gilt May 12	95.2	100.3	.....	—

OFFSHORE AND OVERSEAS

Wren Com. Fund	39.2	40.8	.....	6.60
Chinese Fund	75.8	78.9	.....	9.30
Precious Metal Fund	195.0	202.3	.....	—
Vanguard Cmdy. Fd.	45.2	46.9	.....	—
Financial Futures Fd.	102.8	107.1	.....	—
Wren Intl. Fnd.*	$0.927	0.965	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90		Q25c	10.3	20.7
33	20	Wankie Col. Z$1	23		Q3c	1.2	10.4
21	16	Zam.Cpr.SBD0.24	18		—	—	—

Australian

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	18	–1	—	—	—
7	2½	Argosy Gold NL 25c	3	......	—	—	—
151	62	Bond Corp.	67	–1	gQ10c	2.3	9.5
82	63	Bougainville 1 Kina	79	–1	Q6½c	1.2	5.0
192	154	CRA 50c	188	–2	Q5c	—	1.6
16	10	Carr Boyd 20c	13	......	—	—	—
56	22	Central Pacific	29	+1	—	—	—
26	10	Cultus Pacific N.L.	14	......	—	—	—
27	14	Eagle Corp. 10c	20	......	—	—	—
23	14	Endeavour 20c	15	......	—	—	—
368	160	G. M. Kalgoorlie 25c	230	......	Q32½c	0.9	8.6
10	2½	Great Eastern	6	......	—	—	—
63	38	Greenbushes Tin 50c	42	......	Q6c	1.9	8.6
170	134	Hampton Areas 10p	158	+2	2.5	3.1	2.3
32	15	Haoma N.W.	16	......	—	—	—
22	9	Intl. Mining	15	......	—	—	—
30	10	Jimberlana (50cFP)	12	......	—	—	—
9½	2¼	Kalbara Min 20c	4	......	—	—	—
100	58	Kitchener NL 25c	60	......	—	—	—
14	9	Leichardt Expln.	13	......	—	—	—
190	92	Meekatharra 25c	146	......	—	—	—
44	16	Metals E[illegible] 50c	28	–1	Q3c	1.7	6.4
28	12	Metramar [illegible] 20cts.	12	–1	—	—	—
10	4½	Mid East [illegible] NL	7	......	—	—	—
202	145	M.I.M. Hldgs. 50c	184	–1	tQ5c	ϕ	1.6
57	10	Mincorp 20c	16	......	—	—	—
8	3	Minefields Expl. 25c	3	–1	—	—	—
18	14	Newmetal 20c	17	......	—	—	—
30	8½	Nickelore N.L.	13½	......	—	—	—
160	110	North B. Hill 50c	116	–3	‡Q18c	1.0	‡
*84	15	Nth. Kalgurli	18	+1	—	—	—
123	67	Oakbridge 50c	83	–2	†Q6½c	1.9	4.7
90	35	Otter Exp. N.L.	35	......	—	—	—
98	34	Pacific Copper	54	......	—	—	—
150	92	Pancont'l 25c	100	–3	—	—	—
62	40	Paringa M&Ex.5p	40	......	ϕ	—	—
352	252	Peko-Wallsend 50c	268	–5	‡Q15c	—	‡
31½	16½	Pelsart Res NL	19½	......	—	—	—
273	138	Renison 50c	154	......	205c	—	2.0
205	105	Do. Dfd.	135	......	—	—	—
56	34	Seltrust A	48	......	ϕ	—	—
27	10	Southern Pacific	13	......	—	—	—
46	24	Swan Resources 20c	43	......	—	—	—
65	35	Vultan Mins 20c	41	+1	—	—	—
11	4	West Coast 25c	6	......	—	—	—
50	10	Westn. Cont 50c	10	......	—	—	—
247	200	Westn. Mining 50c	219	–2	‡Q14c	1.6	‡
34	16	Whim Creek 20c	17	......	—	—	—
30	12	York Resources	15	–1	—	—	—

Tins

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
11½	7	Amal Nigeria 1p	9	–½	—	—	—
255	200	Ayer Hitam $M1	210	......	‡Q135c	0.7	‡
141	95	Geevor	95	......	—	—	—
12	10	Gold & Base 12½p	11	......	—	—	—
630	430	Gopeng Cons.	440	......	17.0	1.2	5.5
525	330	Hongkong	470	......	21.0	ϕ	6.4
155	155	Idris 10p	155#	......	ϕ‡9.0	0.8	‡
24	16	Jantar 12½p	16	......	1.5	4.0	13.4
130	80	Kamunting $M0.50	95	......	tQ27½c	0.8	6.9
426	366	Killinghall $M1	410	......	hQ60c	ϕ	5.5
98	60	Malaysia Mng. 10c	76	–2	Q25c	1.1	7.8
42	30	Pahang	32	......	‡0.63	0.8	‡
450	280	Pengkalen 10p	290	......	3.5	—	1.7
330	245	Petaling $M1	245	......	Q60c	ϕ	5.8
200	155	Sungei Besi $M1	185	......	‡Q310c	1.1	‡
110	75	Supreme Corp. $M1	75	......	gQ15½c	ϕ	5.0
110	100	Tanjong 15p	102	......	3.5	3.7	4.9
85	70	Tongkah H. Tin 1$m	70	......	‡Q25%	1.3	‡
255	195	Tronoh $M1	212	......	‡Q110c	1.2	‡

Copper

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
325	195	Messina R0.50	230	......	Q60c	5.2	14.4

Miscellaneous

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	22	......	—	—	—
16½	13	Burma Mines 17½p	13	......	0.55	ϕ	6.0
130	35	Colby Res. Corp.	58	–5	—	—	—
292	210	Cons. Murch. 10c.	225	......	Q60c	1.9	14.2
8	5	‡‡Explaura Gold	5	......	—	—	—
105	65	Highwood Res.	80	......	—	—	—
255	165	Northgate C$1	195	......	—	—	—
468	412	R.T.Z.	430	–3	16.0	2.1	5.4
£108½	£93½	Do.9½%Cn.Uns.Ln.'95-2000	£101	......	Q9½%	30.0	f9.7
20	12	Sabina Inds. C$1	16	–1	—	—	—
44	27	‡Southwest C. 10p.	37	–2	—	—	—
500	270	Tara Expln. $1	325	–5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♯ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♯ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......
Berrarus	17#	......
Bdg'wtr. Est. 50p	412	......
Craig & Rose £1	£12¼	......
Finlay Pkg. 5p	28	......
Graig Ship £1	£26	......
Higsons Brew.	82	......
Holt (Jos) 25p	600	......
I.O.M Stm £1	120	......
Pearce (C. H.)	£10	......
Peel Hldgs.	145	......
Sheff. Refrshmt	72	......
Sindall (Wm.)	205	......

IRISH

Conv. 9% '80/82	£96⅞	......
Nat. 9¾% 84/89	£70¼	–½
Fin. 13% 97/02	£74	–⅝
Alliance Gas	72	......
Arnott	204½xd	......
Carroll (P.J.)	74	......
Concrete Prods.	90	......
Helton (Hldgs.)	19	......
Irish Ropes	35	......
Jacob	67	......
T.M.G.	5	+1
Unidare	43	......

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	10	I.C.L.	5½	**Property**	
Barclays Bank	42	Ladbroke	15	Brit. Land	7½
Beecham	21	Legal & Gen.	19	Cap. Counties	10
Blue Circle	48	Lex Service	10	Land Secs.	28
Boots	19	Lloyds Bank	42	MEPC	20
Bowaters	24	"Lofs"	6½	Peachey	14
Brit. Aerospace	17	London Brick	7	Samuel Props.	11
B.A.T.	38	Lucas Inds	20	Town & City	3½
Brown (J.)	7	"Mams"	12	**Oils**	
Burton Ord.	15	Mrks. & Spncr.	12	Brit. Petroleum	26
Cadburys	9	Midland Bank	30	Burmah Oil	10
Courtaulds	8	N.E.I.	9	Charterhall	6
Debenhams	7	Nat. West. Bank	38	KCA	14
Distillers	15	P & O Dfd.	14	Premier	6
Dunlop	6½	Plessey	32	Shell	30
Eagle Star	31	Racal Elect.	35	Tricentrol	22
F.N.F.C.	4	R.H.M.	6½	Ultramar	38
Gen. Accident	28	Rank Org. Ord.	20	**Mines**	
Gen. Electric	65	Reed Intnl.	26	Charter Cons.	25
Glaxo	42	Sears	6	Cons. Gold	45
Grand Met	17	Tesco	5½	Lonrho	7
G.U.S. 'A'	45	Thorn EMI	42	Rio T. Zinc	42
Guardian	25	Trust Houses	11		
G K N	15	Tube Invest	13		
Hawker Sidd	[illegible]	Turner & Newall	11		
		[illegible]	55		

[illegible] options traded is given on the [illegible] Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

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FINANCIAL TIMES
Wednesday May 19 1982

LIKUD MPs DEFECT ON EVE OF CONFIDENCE VOTE

Begin coalition faces collapse

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Knesset (parliament) is to hold a crucial vote this evening on a no confidence motion which could see the fall of the coalition government of *Mr Menahem Begin.* This follows the defection yesterday of two members of the ruling Likud bloc to the opposition Labour Party.

News that inflation in the first four months of this year reached a record high led the Labour Party to table its motion of no confidence in the Government's handling of the *economy.*

The defections have robbed Mr Begin of his majority and the key to the survival of the Government is now held by two small independent parties which were being actively wooed last night by both the coalition and the opposition.

The Government could survive if it could persuade either of them to oppose the motion or at least to abstain on the vote. But if the parties support the no confidence motion, the Government will fall.

The crisis erupted yesterday when two members of Mr Begin's ruling Likud bloc said they were quitting to join the Labour Party as independent political factions, leaving Mr Begin with 59 out of the 120 seats in the house.

Mr Shimon Peres, chairman of the Labour Party, claimed yesterday that the Government could now not last long as Labour controlled 50 Knesset seats compared with the 46 held by the Likud bloc.

Mr Begin has another 13 seats through his coalition with religious parties and the ethnic-based Tani faction. The four Communist and two Change Party members are likely to back the motion.

While coalition members were predicting yesterday that despite the defections, the Government would be able to survive with the support of three members of the extreme Right - wing Tekiya Party, Tekiya's leader, Prof Yuval Neeman, said: "The trend of thought in the party is to bring down this Government." Taki violently opposed Israeli withdrawal from Sinai.

The other key party is the Pelem Party, which has two Knesset members. It is headed by Mr Yigal Hurvitz, who served as Finance Minister in the last government for a time.

The Likud has been wooing Pelem for some time, and last night efforts were intensified to bring at least one member into the coalition. If the attempt was successful it would be enough to save the Government.

If the Government loses the no confidence vote today, elections are likely to be called. However, it is possible the President will first call on the leader of the Labour Party to try to form a coalition with the existing Knesset, although it is doubtful this could succeed.

Both of yesterday's defectors are former Labour Party members and their return was welcomed by the opposition. Mr Amnon Linn was promised a Cabinet portfolio as Minister for Arab Affairs if Labour formed the next coalition, and Mr Yitzhak Peretz was assured a deputy ministership.

Speculation has increased recently about early elections as Mr Begin's second coalition government, formed after last June's general election, had a majority of only two.

Co-op Bank in link-up with Abbey

BY ANDREW TAYLOR AND PAUL TAYLOR

CO-OPERATIVE BANK yesterday announced that it is to provide cheque-clearing facilities for Abbey National building society. It is a major coup for the society, which plans to make cheque books available to its 6.5m investors from this *autumn.*

Full details of the link between the Abbey and the Co-Op Bank have not been finalised, but it is evident that the new cheque book accounts will pay interest to depositors, although at lower rates than traditional building society savings schemes.

Mr Clive Thornton, chief *general manager of Abbey,* said the move would increase pressure on the clearing banks to pay interest on current accounts.

Abbey National, the country's second largest building society, had originally asked Barclays Bank to provide cheque-clearing facilities. Barclays which last week announced plans to open about 400 of its branches on Saturday mornings, rejected the approach.

This move by Abbey will intensify the struggle between building societies and banks for the personal savings market.

The decision by the Manchester-based Co-Operation Bank represents a major departure—the retail banks have so far been reluctant to provide cheque-clearing facilities for building societies.

It is virtually impossible for a society to provide cheque book facilities unless it establishes a side-by-side operation with a clearing bank which, unlike the societies, is able to maintain overdraft facilities.

The Co-Operative Bank, which only recently introduced its own interest-bearing current account scheme, has been looking for ways to utilise spare capacity at its cheque clearing centre in London.

The deal with Abbey proposes that the building society pays the bank a commission for processing Abbey cheques through the clearing bank system.

The building society claims that the cost of the operation can be met from the nominal savings arising from the lower interest which will be paid on current accounts compared with the rates paid on the society's share accounts.

Investors will be able to run twin current and savings accounts. The bank would be *responsible for any overdraft* that may arise. It is not proposed that Abbey chequebook holders would have to pay bank charges.

The major clearing banks estimate the cost of clearing a cheque at between 40p and 50p per transaction. However The Co-Operative Bank with its modern clearing facilities is believed to be able to reduce substantially this cost.

The Co-op has 70 high street branches but relies for much of its custom on its 1,000 Handy-banks in Co-op stores and 3,600 other stores where the bank offers cheque cashing facilities. The Abbey has 640 full branches and 2,000 agencies.

Two British companies in £110m Java deal

By Mark Webster

TWO BRITISH companies, part of an Anglo-Swedish consortium, yesterday said they had signed contracts worth more than £110m for work on a big hydroelectric project in Indonesia.

Balfour Beatty, part of the BICC group, will carry out civil engineering works worth over £80m, and Boving, the London-based water turbine supplier, will provide and instal British turbines, water penstocks and gates worth £31.5m.

It is the biggest contract *either company* has won in Indonesia. Balfour Beatty said yesterday it was the fruit of close co-operation between the companies and the British Government on providing the right financial package.

Last day

The deal was signed before May 15, technically the last day on which Indonesia could benefit from a 7.75 per cent interest rate for export credits.

Balfour Beatty already has other big power contracts under way in the Far East. With Edmund Nuttall, it is undertaking the main con*struction work* on the Victoria dam hydroelectric project near Kandy, Sri Lanka.

In Hong Kong it is working on a £100m contract for an electrical supply system.

The Indonesian project should be commissioned in 1987.

Most of the British finance *has been arranged* by Barclays International with backing from the Export Credits Guarantee Department and the Overseas Development Authority.

Discussion

The project, costing a total of £200m, is in central Java *and was won by the Anglo*-Swedish consortium ahead of a French group of companies led by CGE Alsthom.

Sweden's Skanska Cement, *also part of the consortium,* will carry out some of the other construction work on the 180 MW power plant and dam.

Balfour Beatty said it hoped the co-operation with the Swedish companies would lead to more joint business. Several projects were under discussion.

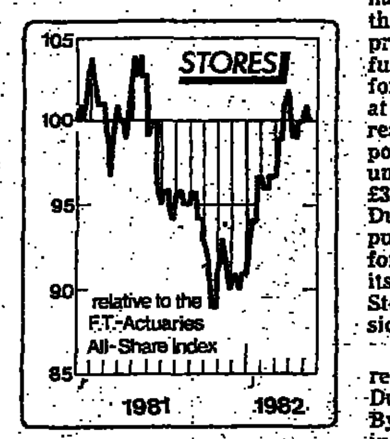
The design of the project has been done by Sweco of Sweden and the electrical and mechanical works will be provided by ASEA, also of Sweden.

THE LEX COLUMN

Empire building under scrutiny

While UK investors spent yesterday scanning the tapes for news of battle, and the industrial production figures for signs of the solid recovery that Ministers keep talking about, New York was digesting the consequences of a major default by a government bond dealer. The Federal Reserve acted—successfully—to calm the markets; first impressions suggest that the failure does not stem from high real interest rates or other economic strains, but from old-fashioned speculative activity on an improbably large scale.

Index fell 3.4 to 572.4



GUS/Empire

A full month after GUS's bid for Empire Stores, the Office of Fair Trading has yet to recommend whether or not the deal *should be looked at by the* Monopolies Commission. Perhaps the OFT is simply gathering all possible evidence before deciding. But the case for a reference is so plain that even a brief delay may suggest that it is edging towards acceptance of GUS's fait accompli. The fact that GUS already holds 30 per cent of Empire, and has another *10* per cent *tied up,* might reinforce the OFT's inertia, as might the absence of any rival bidder for a company that has admitted that it needs help.

Empire's financial weakness is a crucial point in GUS's favour; bids for weak companies —like EMI, Decca or J. Lyons— tend to be waved through. But Empire is in decline rather than imminent peril, and the recovery at Grattan (after an injection of GUS management) shows that sickly mail order companies can be *turned* round.

Since GUS cannot pretend that it does not have a commanding share of the catalogue mail order market it has argued that mail order is merely "an integral, though relatively small, part of the national non-food retailing sector." The man who tried to corner the pepper market could have claimed to *similar effect* that that was an integral, though relatively small, part of the world food scene.

GUS could use its buying power *alone—even* without the overhead rationalisation which it would surely find irresistible — to transform Empire's margins. Another bidder, inside or outside mail order, might be able to justify paying more than £37m for Empire, but the business is worth more to GUS than to anyone on earth.

As long as other potential *bidders* believe the GUS offer will be referred they are unlikely to risk a joint reference by coming forward too early—though they might make themselves known to the OFT. The OFT might reasonably conclude that, with or without a takeover bid, GUS's 30 per cent holding already represented some sort of merger situation. Its natural course is to order GUS to divest or submit to an investigation. GUS could hardly complain—it is the last company, after all, to expect *something for nothing.*

LBI

Lloyds Bank has owed the bulk of its profits growth to the sparkling performance of Lloyds Bank International over the past two years, so signs of a slow down at LBI were enough to leave the Lloyds *share price 10p lower* at 395p yesterday. LBI has deconsolidated its local Argentine operations, without restating comparisons, so the fall in reported pre-tax profits to £52.7m in the *half year* to March from £70m in the previous period is fairly meaningless. But asset growth is apparently slowing as LBI struggles to find high quality *wholesale business,* while the stagnation of fee income cannot have much to do with the Buenos Aires branch.

Duport

After its recent string of embarrassments, Midland Bank can take some comfort from the successful resuscitation of Duport. Midland's participation in the company's capital reconstruction this time last year has enabled Duport to withdraw from steel making without a balance sheet haemorrhage.

The remaining steel assets have been written down to their net realisable value and provision *has* been made for further reorganisation in metal forming. So the balance sheet *at January 31 presents* a *fairly* realistic picture of the present position. The only worrying uncertainty surrounds grants of £3.5m, repayment of which Duport says the Government is pursuing "remorselessly." Unfortunately for the Government, its claim is against Duport Steels, the disappearing subsidiary, rather han the parent.

A year ago, borrowings represented almost three times Duport's reported net worth. By the end of January, following the reconstruction, net debt was equivalent to only 48 per *cent of shareholders funds.* On the revenue account. Duport reported a full year loss down from £13.9m to £325,000 pretax. The second half even *showed a pre-tax profit of about* £500,000, after adding back redundancy costs.

But Duport still faces an uphill struggle. Volume is very *weak in the plastics division*— the only real profit contributor —and in bedding. Grovewood will benefit from the closure of its competitor Hygena Kitchens, but the group still looks sure to make a loss in the first half. A payment on the ordinary shares, which closed at 13p last night, could be made two years from now.

C. E. Heath

Heath has predictably joined the list of insurance brokers to log a solid profit increase over the past year, with pre-tax profits ahead 37 per cent at £17m, helped substantially by currency gains. Underlying brokerage growth was a respectable 11 per cent, and expenses— largely *non-dollar items*—were kept under fair control.

Having had to provide a net A$2m to strengthen its Australian workers compensation reserves, Heath should nevertheless see further progress in that difficult underwriting market now that rates *are hardening.* But *the reverse* is true of the U.S. and UK, where rate-cutting has begun to reach the bottom line and is still accelerating. While investment income could be vulnerable to lower interest rates this year, brokerage growth targeted at 10 per cent could see profits up to £20m. At 332p, the shares yield 5.8 per cent.

Telecom backs cable network

By Guy de Jonquières

BRITISH TELECOM has recommended to the Government that Britain should build a technologically advanced national cable network designed to carry both communications services and television entertainment.

Telecom's recommendations are contained in a confidential report to Mr Patrick Jenkin, the Industry Secretary. They go much further than proposals for an expansion of cable television published recently by the Prime Minister's Information Technology Advisory Panel (ITAP), which are being closely studied by the Government.

Telecom says that if new local broadband cable systems costing billions of pounds were designed to carry television programmes only Britain would miss a major opportunity to lay the foundations of the emerging information technology age.

Telecom also lays claim to a major role as supplier and manager of future cable systems. It suggests that responsibility for installing and maintaining *the systems should be clearly* separated from the provision of programmes carried on them.

The report argues that the technologies of communications and telecommunications are converging and that Telecom could make an unrivalled contribution to their commercial development. But to do so the organisation would need to *devise new financial* arrangements free from government restrictions.

Wiring up Britain for the future, Page 8

Howe attacks building societies' election and information record

BY ANDREW TAYLOR

THE WAY some building societies elect their directors was criticised last night by Sir Geoffrey Howe, the Chancellor. He also reprimanded societies for not keeping members fully informed of policy decisions.

Speaking at the Building Societies' Association annual dinner in London, Sir Geoffrey said: "I have the impression the management of some societies are too fearful of the working of the democratic process." Some managements had sought "to evade questions about the policies of the society.

"They seek to use the advantages which the party in power always has in running the electoral process, to make it very difficult for others to stand against them.

"I would like to suggest they should not be so defensive. They should be ready to justify their policies to their members. In particular they should give a full explanation when any merger is proposed."

Sir Geoffrey's remarks reflect recent public concern over the *way societies handle elections* and impart information to members.

He said: "Retiring directors should stand for re-election on the basis of a justification of the policies which a society has pursued.

"They should make arrangements to ensure the conduct of the election is not only fair but is manifestly seen to be fair. In other words, they should be ready to answer for what they *have achieved."*

THE CHANCELLOR last night announced plans to raise the special advances *limit which restricts the total* amount of mortgage money any building society can make available to higher borrowers. He said he intends to raise the special advances limit for individual loans from £37,500 to £60,000—a move likely to be welcomed by societies which have complained that banks have been able to compete unfairly for larger mortgages.

Sir Geoffrey said future legislation on building societies, unlikely in this Parliament, would need to consider the constitu*tion of building societies.*

"At present it is the investors who in general have the vote. But it is the staff and the borrowers who are locked into the society, in a way in which investing-members generally are not. And changes should reflect this," he said.

Recent annual meetings at Nationwide and Anglia building *societies came close to* uproar when members sought to challenge society directors on various issues. Attempts to depose retiring directors seeking re-election, however, failed.

These two societies believe they have been unfairly singled out for attention. They deny that members opposing the re-election of existing directors are unfairly treated or that society members are not kept fully informed of policy decisions.

Sir Geoffrey did not refer to *any individual society.*

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Blockade

British force in the South Atlantic.

Brig. Lami Dozo had been regarded as the dovish member of the junta, but speaking on his return from Argentina's main airbase at *Comodoro Rivadavia* he said: "Once the British force is located and within range we are going to make a massive attack."

Brig. Lami Dozo's sentiments were echoed by the Argentine governor of the Falklands in a radio interview yesterday. Declaring that his country's air force was ready and capable of striking the British force, he insisted the Argentine troops already on the island were fully prepared to defend themselves.

The British task force and its *accompanying merchant ships* were declared to be on active service on May 15, for the next three months, the Defence Ministry said last night.

The principal effect of active service, which has not been declared since 1966, is to bring merchant ships and their masters fully under the control and discipline of the task-force commander, Admiral John Woodward, the ministry said.

EEC farm prices

Continued from Page 1

in yesterday's vote, supporting Mr Walker's right to exercise the veto in line with the Luxembourg compromise. Both countries also emphasised that they regarded it as central to their decision to join the Community.

France, West Germany and Italy denied that the compromise was dead. France's Mme Edith Cresson and Italy's Sig Giuseppe Bartolemei insisted on having this view recorded in the Council minutes in a move condemned by an angry Mr Walker as "cynical, stupid, incoherent and ridiculous."

The French claimed that Mr *Walker was misapplying* the Luxembourg compromise because he was not using it to protect a national interest in the farm budget but to secure an agreement on the budget issue.

The compromise, argued Mme Cresson, was never intended "to allow a member state to paralyse the normal functioning of the Community and in doing so fundamentally to alter its spirit and its rules."

Mr Walker rejected French claims — which were supported by the European Commission— that the Council had an obliga*tion under the Treaty of Rome* to adopt the farm package.

Stressing that British national interests were at stake, Mr Walker claimed that financing the farm package would add over £100m to Britain's EEC budget contribution this year.

There was a strong feeling among British officials last night that the UK had fallen *victim* to a closely co-ordinated attack inspired by the Commission out of deference to French wishes and in co-operation with the Belgian presidency of the Council.

The Luxembourg compromise has shackled the Commission's authority in recent years, and the Benelux countries have always resented its thwarting of steady progress towards more supranationalism.

The view in London last night was that the method by which the decision was taken was possibly more significant than the decision itself. The hope was that other EEC countries would reflect on the implications and consider a return to the Luxembourg compromise approach on matters of vital national interest. Officials pointed out that all countries would be affected and they might regret the farm price decision.

Mr Pym was reported to be cautious about the Government's response at a private meeting of the Conservative Foreign Affairs Committee last night. One member said there was widespread resentment among MPs at the UK "being pushed around by other EEC countries in the way that the decision had been made."

Thatcher gloom

Continued from Page 1

Government may havemoved towards accepting the key requirements laid down by the British Government: total withdrawal and no pre-conditions in negotiations about sovereignty.

In New York, Sr Perez de Cuellar said yesterday he felt Argentine needed 24 hours to consider the British position which had been passed to the Secretary General by Sir Anthony Parsons, Britain's chief delegate, on Monday.

In the last 24 hours speculation has grown at the UN that Sir Anthony returned from London with a final British offer *to Argentine.*

The Secretary General yesterday would not go so far as describing Britain's position as final, but acknowledged it was very close to final.

He also claimed Argentine had not asked for the 24-hour suspension. "It is what I thought they needed," he said. "If they *are ready before, I am* sure they will come back before."

Weather

UK TODAY

TEMPERATURES near or above normal. Sunny periods with scattered showers.

London, S.E., E., N.E., Central N. England, Borders, Cent. Scotland

Fog patches, sunny intervals, mainly dry. Max 15-19C (59-66F).

Central S., N.W., S.W. England, Channel, S.W. Scotland, Argyll, Wales, IoM, N. Ireland, N. Scotland, Orkney, Shetland

Sunny intervals, showers. Max 14-17C (57-63F).

Outlook: Brighter weather after rain clears.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	20	68	L. Ang.†	C	17	63
Algiers	C	17	63	Luxmbg.	F	22	72
Amsdm.	F	18	64	Luxor		—	—
Athens	C	20	68	Madrid	F	24	75
Bahrain	S	35	95	Majorca	F	21	70
Barclna.	C	20	68	Malaga	S	26	79
Beirut	F	22	72	Malta	S	25	77
Belfast	S	15	59	Mchstr.	R	14	57
Belgrd.	S	26	79	Melbne.	F	23	73
Berlin	F	22	72	Mx. C.†		—	—
Biarritz	C	18	64	Miami†	F	21	70
Bmghm.	F	17	63	Milan	S	25	77
Blackp'l	S	14	57	Montr'l†	F	13	55
Bordx.	C	18	64	Moscow	S	14	57
Boulgn.	F	15	59	Munich	S	23	73
Bristol	F	17	63	Nairobi	R	21	70
Brussels	C	17	63	Naples	F	21	70
Budpst.	F	27	81	Nassau		—	—
Cairo	S	26	73	Nwcstl.	C	14	57
Cardiff	F	15	59	N York†		—	—
Casbca.	F	19	66	Nice	F	20	68
Cape T.		—	—	Nicosia	F	21	70
Chicg.†		—	—	Oporto	F	18	64
Cologne	F	23	73	Oslo	F	19	66
Cpnhgn.	S	18	64	Paris	R	14	57
Corfu	S	23	73	Perth	S	16	61
Denver†		—	—	Prague	T	22	72
Dublin	F	13	55	Rykjvk.	F	13	55
Dbrvnk.	S	22	72	Rhodes	S	20	68
Ednbgh.	F	15	59	Rio J'o†		—	—
Faro	S	21	70	Rome	S	23	73
Florence	F	26	[illegible]	Salzb'rg	S	23	73
Frankf't	F	[illegible]	[illegible]	S'cisco†		—	—
Funchal	C	19	66	S. M'ritz		—	—
Geneva	F	23	73	Singapr.	C	32	90
Gibrltr.	S	22	72	S'tiago†		—	—
Glasg'w	C	14	57	Stckhm.	C	12	54
G'nsey	F	16	61	Strasb'g	S	25	77
Helsinki	R	6	43	Sydney	S	24	75
H. Kong	S	29	84	Tangier	F	21	70
Innsbr'k	F	22	72	Tel Aviv		—	—
Invrnss.	F	14	57	Tenerife	F	24	75
I.o.Man	S	12	54	Tor'nto†	C	14	57
Istanbul	R	13	55	Tunis	S	25	77
Jersey	S	19	66	Valencia	F	22	72
Jo'burg	S	18	64	Venice	S	24	75
L. Plms.	C	20	68	Vienna	F	24	75
Lisbon	F	22	72	Warsaw	S	26	79
Locarno	F	22	72	Zurich	F	22	72
London	S	18	64				

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder. † Noon GMT temperatures.